



General Assembly

January Session, 2003

**Committee Bill No. 5097**

LCO No. 2930

Referred to Committee on Judiciary

Introduced by:  
(JUD)

***AN ACT ADOPTING REVISED ARTICLE 1 OF THE UNIFORM  
COMMERCIAL CODE CONCERNING GENERAL PROVISIONS.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 42a-1-101 of the general statutes is repealed and  
2 the following is substituted in lieu thereof (*Effective October 1, 2003*):

3 (a) This title shall be known and may be cited as the "Uniform  
4 Commercial Code".

5 (b) This article shall be known and may be cited as "Uniform  
6 Commercial Code--General Provisions".

7 Sec. 2. Section 42a-1-102 of the general statutes is repealed and the  
8 following is substituted in lieu thereof (*Effective October 1, 2003*):

9 [(1) This title shall be liberally construed and applied to promote its  
10 underlying purposes and policies.

11 (2) Underlying purposes and policies of this title are (a) to simplify,  
12 clarify and modernize the law governing commercial transactions; (b)  
13 to permit the continued expansion of commercial practices through

14 custom, usage and agreement of the parties; (c) to make uniform the  
15 law among the various jurisdictions.

16 (3) The effect of provisions of this title may be varied by agreement,  
17 except as otherwise provided in this title and except that the  
18 obligations of good faith, diligence, reasonableness and care prescribed  
19 by this title may not be disclaimed by agreement, but the parties may  
20 by agreement determine the standards by which the performance of  
21 such obligations is to be measured if such standards are not manifestly  
22 unreasonable.

23 (4) The presence in certain provisions of this title of the words  
24 "unless otherwise agreed" or words of similar import does not imply  
25 the effect of other provisions may not be varied by agreement under  
26 subsection (3).

27 (5) In this title unless the context otherwise requires, (a) words in the  
28 singular number include the plural, and in the plural include the  
29 singular; (b) words of the masculine gender include the feminine and  
30 the neuter, and when the sense so indicates words of the neuter gender  
31 may refer to any gender.]

32 This article applies to a transaction to the extent that it is governed  
33 by another article of this title.

34 Sec. 3. Section 42a-1-103 of the general statutes is repealed and the  
35 following is substituted in lieu thereof (*Effective October 1, 2003*):

36 (a) This title shall be liberally construed and applied to promote its  
37 underlying purposes and policies, which are:

38 (1) To simplify, clarify and modernize the law governing  
39 commercial transactions;

40 (2) To permit the continued expansion of commercial practices  
41 through custom, usage and agreement of the parties; and

42       (3) To make uniform the law among the various jurisdictions.

43       **(b)** Unless displaced by the particular provisions of this title, the  
 44 principles of law and equity, including the law merchant and the law  
 45 relative to capacity to contract, principal and agent, estoppel, fraud,  
 46 misrepresentation, duress, coercion, mistake, bankruptcy [, or] and  
 47 other validating or invalidating cause [shall] supplement [its] the  
 48 provisions of this title.

49       Sec. 4. Section 42a-1-105 of the general statutes is repealed and the  
 50 following is substituted in lieu thereof (*Effective October 1, 2003*):

51       [(1) Except as provided hereafter in this section, when a transaction  
 52 bears a reasonable relation to this state and also to another state or  
 53 nation the parties may agree that the law either of this state or of such  
 54 other state or nation shall govern their rights and duties. Failing such  
 55 agreement this title applies to transactions bearing an appropriate  
 56 relation to this state.

57       (2) Where one of the following provisions of this title specifies the  
 58 applicable law, that provision governs and a contrary agreement is  
 59 effective only to the extent permitted by the law, including the conflict  
 60 of laws rules, so specified:

- T1           Rights of creditors against sold goods. Section 42a-2-402.
- T2           Applicability of the article on leases. Sections 42a-2A-105 and
- T3           42a-2A-106.
- T4           Applicability of the article on bank deposits and collections.
- T5           Section 42a-4-102.
- T6           Governing law in the article on funds transfers. Section
- T7           42a-4A-507.
- T8           Letters of credit. Section 42a-5-116.
- T9           Applicability of the article on investment securities. Section
- T10          42a-8-110.

T11 Law governing perfection, the effect of perfection or  
T12 nonperfection and the priority of security interests and  
T13 agricultural liens. Sections 42a-9-301 to 42a-9-307, inclusive.]

61 If any provision or clause of this title or its application to any person  
62 or circumstance is held invalid, the invalidity does not affect other  
63 provisions or applications of this title which can be given effect  
64 without the invalid provision or application, and to this end the  
65 provisions of this title are severable.

66 Sec. 5. Section 42a-1-106 of the general statutes is repealed and the  
67 following is substituted in lieu thereof (*Effective October 1, 2003*):

68 [(1) The remedies provided by this title shall be liberally  
69 administered to the end that the aggrieved party may be put in as  
70 good a position as if the other party had fully performed but neither  
71 consequential or special nor penal damages may be had except as  
72 specifically provided in this title or by other rule of law.

73 (2) Any right or obligation declared by this title is enforceable by  
74 action unless the provision declaring it specifies a different and limited  
75 effect.]

76 In this title, unless the statutory context otherwise requires:

77 (1) Words in the singular number include the plural, and those in  
78 the plural include the singular; and

79 (2) Words of any gender also refer to any other gender.

80 Sec. 6. (NEW) (*Effective October 1, 2003*) Article 1 of title 42a of the  
81 general statutes modifies, limits and supersedes the federal Electronic  
82 Signatures in Global and National Commerce Act, 15 USC 7001 et seq.,  
83 but does not modify, limit or supersede Section 101(c) of that act, 15  
84 USC 7001(c), or authorize electronic delivery of any of the notices  
85 described in Section 103(b) of that act, 15 USC 7003(b).

86 Sec. 7. Section 42a-1-201 of the general statutes is repealed and the  
87 following is substituted in lieu thereof (*Effective October 1, 2003*):

88 (a) Unless the context otherwise requires, words or phrases defined  
89 in this section, or in the additional definitions contained in other  
90 articles of this title that apply to particular articles or parts thereof,  
91 have the meanings stated.

92 (b) Subject to [additional] definitions contained in [the subsequent  
93 articles of this title which are applicable to specific articles or parts  
94 thereof, and unless the context otherwise requires] other articles of this  
95 title that apply to particular articles or parts thereof, in this title:

96 (1) "Action", in the sense of a judicial proceeding, includes  
97 recoupment, counterclaim, set-off, suit in equity and any other  
98 [proceedings] proceeding in which rights are determined.

99 (2) "Aggrieved party" means a party entitled to [resort to] pursue a  
100 remedy.

101 (3) "Agreement", as distinguished from "contract", means the  
102 bargain of the parties in fact, as found in their language or [by  
103 implication] inferred from other circumstances, including course of  
104 [dealing or usage of trade or course of performance as provided in  
105 sections 42a-1-205 and 42a-2-208. Whether an agreement has legal  
106 consequences is determined by the provisions of this title, if applicable;  
107 otherwise by the law of contracts] performance, course of dealing or  
108 usage of trade as provided in section 15 of this act.

109 (4) "Bank" means any person engaged in the business of banking  
110 and includes a savings bank, savings and loan association, credit union  
111 and trust company.

112 (5) "Bearer" means [the] a person in possession of [an] a negotiable  
113 instrument, document of title, or certificated security that is payable to  
114 bearer or endorsed in blank.

115 (6) "Bill of lading" means a document evidencing the receipt of  
116 goods for shipment issued by a person engaged in the business of  
117 transporting or forwarding goods. [ and includes an airbill. "Airbill"  
118 means a document serving for air transportation as a bill of lading  
119 does for marine or rail transportation, and includes an air consignment  
120 note or air waybill.]

121 (7) "Branch" includes a separately incorporated foreign branch of a  
122 bank.

123 (8) ["Burden of establishing of a fact"] "Burden of establishing" a fact  
124 means the burden of persuading the [triers] trier of fact that the  
125 existence of the fact is more probable than its nonexistence.

126 (9) "Buyer in ordinary course of business" means a person that buys  
127 goods in good faith, without knowledge that the sale violates the rights  
128 of another person in the goods, and in the ordinary course from a  
129 person, other than a pawnbroker, in the business of selling goods of  
130 that kind. A person buys goods in the ordinary course if the sale to the  
131 person comports with the usual or customary practices in the kind of  
132 business in which the seller is engaged or with the seller's own usual  
133 or customary practices. A person that sells oil, gas or other minerals at  
134 the wellhead or minehead is a person in the business of selling goods  
135 of that kind. A buyer in [the] ordinary course of business may buy for  
136 cash, by exchange of other property or on secured or unsecured credit,  
137 and may acquire goods or documents of title under a preexisting  
138 contract for sale. Only a buyer that takes possession of the goods or has  
139 a right to recover the goods from the seller under article 2 may be a  
140 buyer in ordinary course of business. [A] "Buyer in ordinary course of  
141 business" does not include a person that acquires goods in a transfer in  
142 bulk or as security for or in total or partial satisfaction of a money debt.  
143 [is not a buyer in ordinary course of business.]

144 (10) "Conspicuous", [ : A term or clause is conspicuous when it is so  
145 written that a reasonable person against whom it is to operate ought to  
146 have noticed it. A printed heading in capitals (as: NONNEGOTIABLE

147 BILL OF LADING) is conspicuous. Language in the body of a form is  
148 "conspicuous" if it is in larger or other contrasting type or color. In a  
149 telegram any stated term is "conspicuous". Whether a term or clause is  
150 "conspicuous" or not is for decision by the court] with reference to a  
151 term, means so written, displayed or presented that a reasonable  
152 person against which it is to operate ought to have noticed it. Whether  
153 a term is "conspicuous" or not is a decision for the court.  
154 "Conspicuous" terms include the following:

155 (A) A heading in capitals equal to or greater in size than the  
156 surrounding text, or in contrasting type, font or color to the  
157 surrounding text of the same or lesser size; and

158 (B) Language in the body of a record or display in larger type than  
159 the surrounding text, or in contrasting type, font or color to the  
160 surrounding text of the same size, or set off from surrounding text of  
161 the same size by symbols or other marks that call attention to the  
162 language.

163 (11) "Consumer" means an individual who enters into a transaction  
164 primarily for personal, family or household purposes.

165 [(11)] (12) "Contract", as distinguished from "agreement", means the  
166 total legal obligation [which] that results from the parties' agreement  
167 as [affected] determined by this title [and] as supplemented by any  
168 other applicable [rules of law] laws.

169 [(12)] (13) "Creditor" includes a general creditor, a secured creditor,  
170 a lien creditor and any representative of creditors, including an  
171 assignee for the benefit of creditors, a trustee in bankruptcy, a receiver  
172 in equity and an executor or administrator of an insolvent debtor's or  
173 assignor's estate.

174 [(13)] (14) "Defendant" includes a person in the position of  
175 defendant in a [cross-action or] counterclaim, cross-claim or third-  
176 party claim.

177 [(14)] (15) "Delivery", with respect to [instruments, documents of  
178 title, chattel paper, or certificated securities] an instrument, document  
179 of title or chattel paper, means voluntary transfer of possession.

180 [(15)] (16) "Document of title" includes bill of lading, dock warrant,  
181 dock receipt, warehouse receipt or order for the delivery of goods, and  
182 also any other document which in the regular course of business or  
183 financing is treated as adequately evidencing that the person in  
184 possession of it is entitled to receive, hold and dispose of the document  
185 and the goods it covers. To be a document of title, a document must  
186 purport to be issued by or addressed to a bailee and purport to cover  
187 goods in the bailee's possession which are either identified or are  
188 fungible portions of an identified mass.

189 [(16)] (17) "Fault" means [wrongful act, omission or breach] a  
190 default, breach or wrongful act or omission.

191 [(17) "Fungible" with respect to goods or securities means goods or  
192 securities of which any unit is, by nature or usage of trade, the  
193 equivalent of any other like unit. Goods which are not fungible shall be  
194 deemed fungible for the purposes of this title to the extent that under a  
195 particular agreement or document unlike units are treated as  
196 equivalents.]

197 (18) "Fungible goods" means:

198 (A) Goods of which any unit, by nature or usage of trade, is the  
199 equivalent of any other like unit; or

200 (B) Goods that by agreement are treated as equivalent.

201 [(18)] (19) "Genuine" means free of forgery or counterfeiting.

202 [(19)] (20) "Good faith" means honesty in fact [in the conduct or  
203 transaction concerned] and the observance of reasonable commercial  
204 standards of fair dealing.



205 [(20)] (21) "Holder" [, with respect to a negotiable instrument, means  
206 the person in possession if the instrument is payable to bearer or, in the  
207 case of an instrument payable to an identified person, if the identified  
208 person is in possession. "Holder" with respect to a document of title  
209 means the person in possession if the goods are deliverable to bearer  
210 or to the order of the person in possession] means:

211 (A) The person in possession of a negotiable instrument that is  
212 payable either to bearer or to an identified person that is the person in  
213 possession; or

214 (B) The person in possession of a document of title if the goods are  
215 deliverable either to bearer or to the order of the person in possession.

216 [(21) To "honor" is to pay or to accept and pay, or where a credit so  
217 engages to purchase or discount a draft complying with the terms of  
218 the credit.]

219 (22) ["Insolvency proceedings"] "Insolvency proceeding" includes  
220 [any] an assignment for the benefit of creditors or other [proceedings]  
221 proceeding intended to liquidate or rehabilitate the estate of the person  
222 involved.

223 (23) [A person is "insolvent" who either has ceased to pay his debts  
224 in the ordinary course of business or cannot pay his debts as they  
225 become due or is insolvent within the meaning of the federal  
226 bankruptcy law] "Insolvent" means:

227 (A) Having generally ceased to pay debts in the ordinary course of  
228 business other than as a result of bona fide dispute;

229 (B) Being unable to pay debts as they become due; or

230 (C) Being insolvent within the meaning of federal bankruptcy law.

231 (24) "Money" means a medium of exchange currently authorized or  
232 adopted by a domestic or foreign government and includes a monetary

233 unit of account established by an intergovernmental organization or by  
234 agreement between two or more [nations] countries.

235 [(25) A person has "notice" of a fact when (a) he has actual  
236 knowledge of it; or (b) he has received a notice or notification of it; or  
237 (c) from all the facts and circumstances known to him at the time in  
238 question he has reason to know that it exists. A person "knows" or has  
239 "knowledge" of a fact when he has actual knowledge of it. "Discover"  
240 or "learn" or a word or phrase of similar import refers to knowledge  
241 rather than to reason to know. The time and circumstances under  
242 which a notice or notification may cease to be effective are not  
243 determined by this title.

244 (26) A person "notifies" or "gives" a notice or notification to another  
245 by taking such steps as may be reasonably required to inform the other  
246 in ordinary course whether or not such other actually comes to know  
247 of it. A person "receives" a notice or notification when (a) it comes to  
248 his attention; or (b) it is duly delivered at the place of business through  
249 which the contract was made or at any other place held out by him as  
250 the place for receipt of such communications.

251 (27) Notice, knowledge or a notice or notification received by an  
252 organization is effective for a particular transaction from the time  
253 when it is brought to the attention of the individual conducting that  
254 transaction, and in any event from the time when it would have been  
255 brought to his attention if the organization had exercised due  
256 diligence. An organization exercises due diligence if it maintains  
257 reasonable routines for communicating significant information to the  
258 person conducting the transaction and there is reasonable compliance  
259 with the routines. Due diligence does not require an individual acting  
260 for the organization to communicate information unless such  
261 communication is part of his regular duties or unless he has reason to  
262 know of the transaction and that the transaction would be materially  
263 affected by the information.]

264 [(28)] (25) "Organization" [includes a corporation, government or

265 governmental subdivision or agency, business trust, estate, trust,  
266 partnership or association, two or more persons having a joint or  
267 common interest, or any other legal or commercial entity] means a  
268 person other than an individual.

269 [(29)] (26) "Party", as [distinct] distinguished from "third party",  
270 means a person [who] that has engaged in a transaction or made an  
271 agreement [within] subject to this title.

272 [(30)] (27) "Person" [includes an individual or an organization]  
273 means an individual, corporation, business trust, estate, trust,  
274 partnership, limited liability company, association, joint venture,  
275 government, governmental subdivision, agency or instrumentality,  
276 public corporation or any other legal or commercial entity.

277 [(31) "Presumption" or "presumed" means that the trier of fact must  
278 find the existence of the fact presumed unless and until evidence is  
279 introduced which would support a finding of its nonexistence.]

280 (28) "Present value" means the amount as of a date certain of one or  
281 more sums payable in the future, discounted to the date certain by use  
282 of either an interest rate specified by the parties if that rate is not  
283 manifestly unreasonable at the time the transaction is entered into or, if  
284 an interest rate is not so specified, a commercially reasonable rate that  
285 takes into account the facts and circumstances at the time the  
286 transaction is entered into.

287 [(32)] (29) "Purchase" [includes] means taking by sale, lease,  
288 discount, negotiation, mortgage, pledge, lien, security interest, issue or  
289 reissue, gift or any other voluntary transaction creating an interest in  
290 property.

291 [(33)] (30) "Purchaser" means a person [who] that takes by purchase.

292 (31) "Record" means information that is inscribed on a tangible  
293 medium or that is stored in an electronic or other medium and is  
294 retrievable in perceivable form.

295 [(34)] (32) "Remedy" means any remedial right to which an  
296 aggrieved party is entitled with or without resort to a tribunal.

297 [(35)] (33) "Representative" [includes an agent, an officer of a  
298 corporation or association, and a trustee, executor or administrator of  
299 an estate, or any other] means a person empowered to act for another,  
300 including an agent, an officer of a corporation or association, and a  
301 trustee, executor or administrator of an estate.

302 [(36) "Rights" include remedies.]

303 (34) "Right" includes remedy.

304 [(37)] (35) "Security interest" means an interest in personal property  
305 or fixtures which secures payment or performance of an obligation.  
306 [The term also] "Security interest" includes any interest of a consignor  
307 and a buyer of accounts, chattel paper, a payment intangible or a  
308 promissory note in a transaction that is subject to article 9. [The]  
309 "Security interest" does not include the special property interest of a  
310 buyer of goods on identification of such goods to a contract for sale  
311 under section 42a-2-401, [is not a "security interest",] but a buyer may  
312 also acquire a "security interest" by complying with article 9. Except as  
313 otherwise provided in section 42a-2-505, the right of a seller or lessor of  
314 goods under article 2 or 2A to retain or acquire possession of the goods  
315 is not a "security interest", but a seller or lessor may also acquire a  
316 "security interest" by complying with article 9. The retention or  
317 reservation of title by a seller of goods, notwithstanding shipment or  
318 delivery to the buyer pursuant to section 42a-2-401, is limited in effect  
319 to a reservation of a "security interest". Whether a transaction [creates a  
320 lease or a "security interest" is determined by the facts of each case;  
321 however, a transaction creates a "security interest" if the consideration  
322 the lessee is to pay the lessor for the right to possession and use of the  
323 goods is an obligation for the term of the lease not subject to  
324 termination by the lessee, and (a) the original term of the lease is equal  
325 to or greater than the remaining economic life of the goods, (b) the  
326 lessee is bound to renew the lease for the remaining economic life of

327 the goods or is bound to become owner of the goods, (c) the lessee has  
328 an option to renew the lease for the remaining economic life of the  
329 goods for no additional consideration or nominal additional  
330 consideration upon compliance with the lease agreement, or (d) the  
331 lessee has an option to become the owner of the goods for no  
332 additional consideration or nominal additional consideration upon  
333 compliance with the lease agreement. A transaction does not create a  
334 "security interest" merely because it provides that (A) the present value  
335 of the consideration the lessee is obligated to pay the lessor for the  
336 right to possession and use of the goods is substantially equal to or is  
337 greater than the fair market value of the goods at the time the lease is  
338 entered into, (B) the lessee assumes risk of loss of the goods, or agrees  
339 to pay taxes, insurance, filing, recording or registration fees, or service  
340 or maintenance costs with respect to the goods, (C) the lessee has an  
341 option to renew the lease or to become the owner of the goods, (D) the  
342 lessee has an option to renew the lease for a fixed rent that is equal to  
343 or greater than the reasonably predictable fair market rent for the use  
344 of the goods for the term of the renewal at the time the option is to be  
345 performed, or (E) the lessee has an option to become the owner of the  
346 goods for a fixed price that is equal to or greater than the reasonably  
347 predictable fair market value of the goods at the time the option is to  
348 be performed. For the purposes of this subdivision: (i) Additional  
349 consideration is not nominal if (I) when the option to renew the lease is  
350 granted to the lessee, the rent is stated to be the fair market rent for the  
351 use of the goods for the term of the renewal determined at the time the  
352 option is to be performed, or (II) when the option to become the owner  
353 of the goods is granted to the lessee, the price is stated to be the fair  
354 market value of the goods determined at the time the option is to be  
355 performed; (ii) additional consideration is nominal if it is less than the  
356 lessee's reasonably predictable cost of performing under the lease  
357 agreement if the option is not exercised; (iii) "reasonably predictable"  
358 and "remaining economic life of the goods" are to be determined with  
359 reference to the facts and circumstances at the time the transaction is  
360 entered into; and (iv) "present value" means the amount as of a date

361 certain of one or more sums payable in the future, discounted to the  
362 date certain. The discount is determined by the interest rate specified  
363 by the parties if the rate is not manifestly unreasonable at the time the  
364 transaction is entered into; otherwise, the discount is determined by a  
365 commercially reasonable rate that takes into account the facts and  
366 circumstances of each case at the time the transaction was entered into]  
367 in the form of a lease creates a "security interest" is determined  
368 pursuant to section 42a-1-203, as amended by this act.

369 [(38)] (36) "Send", in connection with [any] a writing, record or  
370 notice, means: [to]

371 (A) To deposit in the mail or deliver for transmission by any other  
372 usual means of communication with postage or cost of transmission  
373 provided for and properly addressed and, in the case of an instrument,  
374 to an address specified thereon or otherwise agreed, or if there be none  
375 to any address reasonable under the circumstances; [ The receipt of  
376 any writing or notice within the time at which it would have arrived if  
377 properly sent has the effect of a proper sending] or

378 (B) In any other way to cause to be received any record or notice  
379 within the time it would have arrived if properly sent.

380 [(39)] (37) "Signed" includes using any symbol executed or adopted  
381 [by a party] with present intention to [authenticate] adopt or accept a  
382 writing.

383 (38) "State" means a state of the United States, the District of  
384 Columbia, Puerto Rico, the United States Virgin Islands or any  
385 territory or insular possession subject to the jurisdiction of the United  
386 States.

387 [(40)] (39) "Surety" includes a guarantor or other secondary obligor.

388 [(41)] "Telegram" includes a message transmitted by radio, teletype,  
389 cable, any mechanical method of transmission, or the like.]

390 [(42)] (40) "Term" means [that] a portion of an agreement [which]  
391 that relates to a particular matter.

392 [(43)] (41) "Unauthorized signature" means [one] a signature made  
393 without actual, implied, or apparent authority and includes a forgery.

394 [(44)] "Value". Except as otherwise provided by sections 42a-3-303,  
395 42a-4-210 and 42a-4-211 with respect to negotiable instruments and  
396 bank collections a person gives "value" for rights if he acquires them  
397 (a) in return for a binding commitment to extend credit or for the  
398 extension of immediately available credit whether or not drawn upon  
399 and whether or not a charge-back is provided for in the event of  
400 difficulties in collection; or (b) as security for or in total or partial  
401 satisfaction of a preexisting claim; or (c) by accepting delivery  
402 pursuant to a preexisting contract for purchase; or (d) generally, in  
403 return for any consideration sufficient to support a simple contract.]

404 [(45)] (42) "Warehouse receipt" means a receipt issued by a person  
405 engaged in the business of storing goods for hire.

406 [(46)] (43) "Written" or "writing" includes printing, typewriting or  
407 any other intentional reduction to tangible form.

408 Sec. 8. Section 42a-1-202 of the general statutes is repealed and the  
409 following is substituted in lieu thereof (*Effective October 1, 2003*):

410 [A document in due form purporting to be a bill of lading, policy or  
411 certificate of insurance, official weigher's or inspector's certificate,  
412 consular invoice, or any other document authorized or required by the  
413 contract to be issued by a third party shall be prima facie evidence of  
414 its own authenticity and genuineness and of the facts stated in the  
415 document by the third party.]

416 (a) Subject to subsection (f) of this section, a person has "notice" of a  
417 fact if the person:

418 (1) Has actual knowledge of it;

419 (2) Has received a notice or notification of it; or

420 (3) From all the facts and circumstances known to the person at the  
421 time in question, has reason to know that it exists.

422 (b) "Knowledge" or "knows" means actual knowledge.

423 (c) "Discover", "learn" or words of similar import refer to knowledge  
424 rather than to reason to know.

425 (d) A person "notifies" or "gives" a notice or notification to another  
426 person by taking such steps as may be reasonably required to inform  
427 the other person in ordinary course, whether or not the other person  
428 actually comes to know of it.

429 (e) Subject to subsection (f) of this section, a person "receives" a  
430 notice or notification when:

431 (1) It comes to the person's attention; or

432 (2) It is duly delivered in a form reasonable under the circumstances  
433 at the place of business through which the contract was made or at  
434 another location held out by the person as the place for receipt of such  
435 communications.

436 (f) Notice, knowledge or a notice or notification received by an  
437 organization is effective for a particular transaction from the time it is  
438 brought to the attention of the individual conducting that transaction  
439 and, in any event, from the time it would have been brought to the  
440 individual's attention if the organization had exercised due diligence.  
441 An organization exercises due diligence if it maintains reasonable  
442 routes for communicating significant information to the person  
443 conducting the transaction and there is reasonable compliance with the  
444 routes. Due diligence does not require an individual acting for the  
445 organization to communicate information unless the communication is  
446 part of the individual's regular duties or the individual has reason to  
447 know of the transaction and that the transaction would be materially



448 affected by the information.

449 Sec. 9. Section 42a-1-203 of the general statutes is repealed and the  
450 following is substituted in lieu thereof (*Effective October 1, 2003*):

451 [Every contract or duty within this title imposes an obligation of  
452 good faith in its performance or enforcement.]

453 (a) Whether a transaction in the form of a lease creates a lease or a  
454 security interest is determined by the facts of each case.

455 (b) A transaction in the form of a lease creates a security interest if  
456 the consideration that the lessee is to pay the lessor for the right to  
457 possession and use of the goods is an obligation for the term of the  
458 lease and is not subject to termination by the lessee, and:

459 (1) The original term of the lease is equal to or greater than the  
460 remaining economic life of the goods;

461 (2) The lessee is bound to renew the lease for the remaining  
462 economic life of the goods or is bound to become the owner of the  
463 goods;

464 (3) The lessee has an option to renew the lease for the remaining  
465 economic life of the goods for no additional consideration or for  
466 nominal additional consideration upon compliance with the lease  
467 agreement; or

468 (4) The lessee has an option to become the owner of the goods for no  
469 additional consideration or for nominal additional consideration upon  
470 compliance with the lease agreement.

471 (c) A transaction in the form of a lease does not create a security  
472 interest merely because:

473 (1) The present value of the consideration the lessee is obligated to  
474 pay the lessor for the right to possession and use of the goods is  
475 substantially equal to or is greater than the fair market value of the

476 goods at the time the lease is entered into;

477 (2) The lessee assumes risk of loss of the goods;

478 (3) The lessee agrees to pay, with respect to the goods, taxes,  
479 insurance, filing, recording or registration fees, or service or  
480 maintenance costs;

481 (4) The lessee has an option to renew the lease or to become the  
482 owner of the goods;

483 (5) The lessee has an option to renew the lease for a fixed rent that is  
484 equal to or greater than the reasonably predictable fair market rent for  
485 the use of the goods for the term of the renewal at the time the option  
486 is to be performed; or

487 (6) The lessee has an option to become the owner of the goods for a  
488 fixed price that is equal to or greater than the reasonably predictable  
489 fair market value of the goods at the time the option is to be  
490 performed.

491 (d) Additional consideration is nominal if it is less than the lessee's  
492 reasonably predictable cost of performing under the lease agreement if  
493 the option is not exercised. Additional consideration is not nominal if:

494 (1) When the option to renew the lease is granted to the lessee, the  
495 rent is stated to be the fair market rent for the use of the goods for the  
496 term of the renewal determined at the time the option is to be  
497 performed; or

498 (2) When the option to become the owner of the goods is granted to  
499 the lessee, the price is stated to be the fair market value of the goods  
500 determined at the time the option is to be performed.

501 (e) The "remaining economic life of the goods" and "reasonably  
502 predictable" fair market rent, fair market value or cost of performing  
503 under the lease agreement must be determined with reference to the

504 facts and circumstances at the time the transaction is entered into.

505 Sec. 10. Section 42a-1-204 of the general statutes is repealed and the  
506 following is substituted in lieu thereof (*Effective October 1, 2003*):

507 [(1) Whenever this title requires any action to be taken within a  
508 reasonable time, any time which is not manifestly unreasonable may  
509 be fixed by agreement.

510 (2) What is a reasonable time for taking any action depends on the  
511 nature, purpose and circumstances of such action.

512 (3) An action is taken "seasonably" when it is taken at or within the  
513 time agreed or if no time is agreed at or within a reasonable time.]

514 Except as otherwise provided in articles 3, 4 and 5, a person gives  
515 value for rights if the person acquires them:

516 (1) In return for a binding commitment to extend credit or for the  
517 extension of immediately available credit, whether or not drawn upon  
518 and whether or not a charge-back is provided for in the event of  
519 difficulties in collection;

520 (2) As security for, or in total or partial satisfaction of, a preexisting  
521 claim;

522 (3) By accepting delivery under a preexisting contract for purchase;  
523 or

524 (4) In return for any consideration sufficient to support a simple  
525 contract.

526 Sec. 11. Section 42a-1-205 of the general statutes is repealed and the  
527 following is substituted in lieu thereof (*Effective October 1, 2003*):

528 [(1) A course of dealing is a sequence of previous conduct between  
529 the parties to a particular transaction which is fairly to be regarded as  
530 establishing a common basis of understanding for interpreting their

531 expressions and other conduct.

532 (2) A usage of trade is any practice or method of dealing having  
533 such regularity of observance in a place, vocation or trade as to justify  
534 an expectation that it will be observed with respect to the transaction  
535 in question. The existence and scope of such a usage are to be proved  
536 as facts. If it is established that such a usage is embodied in a written  
537 trade code or similar writing the interpretation of the writing is for the  
538 court.

539 (3) A course of dealing between parties and any usage of trade in  
540 the vocation or trade in which they are engaged or of which they are or  
541 should be aware give particular meaning to and supplement or qualify  
542 terms of an agreement.

543 (4) The express terms of an agreement and an applicable course of  
544 dealing or usage of trade shall be construed wherever reasonable as  
545 consistent with each other; but when such construction is unreasonable  
546 express terms control both course of dealing and usage of trade and  
547 course of dealing controls usage of trade.

548 (5) An applicable usage of trade in the place where any part of  
549 performance is to occur shall be used in interpreting the agreement as  
550 to that part of the performance.

551 (6) Evidence of a relevant usage of trade offered by one party is not  
552 admissible unless and until he has given the other party such notice as  
553 the court finds sufficient to prevent unfair surprise to the latter.]

554 (a) Whether a time for taking an action required by this title is  
555 reasonable depends on the nature, purpose and circumstances of the  
556 action.

557 (b) An action is taken seasonably if it is taken at or within the time  
558 agreed or, if no time is agreed, at or within a reasonable time.

559 Sec. 12. Section 42a-1-206 of the general statutes is repealed and the

560 following is substituted in lieu thereof (*Effective October 1, 2003*):

561 [(1) Except in the cases described in subsection (2) of this section a  
562 contract for the sale of personal property is not enforceable by way of  
563 action or defense beyond five thousand dollars in amount or value of  
564 remedy unless there is some writing which indicates that a contract for  
565 sale has been made between the parties at a defined or stated price,  
566 reasonably identifies the subject matter, and is signed by the party  
567 against whom enforcement is sought or by his authorized agent.

568 (2) Subsection (1) of this section does not apply to contracts for the  
569 sale of goods nor of securities nor to security agreements.]

570 Whenever this title creates a "presumption" with respect to a fact, or  
571 provides that a fact is "presumed", the trier of fact must find the  
572 existence of the fact unless and until evidence is introduced that  
573 supports a finding of its nonexistence.

574 Sec. 13. (NEW) (*Effective October 1, 2003*) (a) In this section:

575 (1) "Domestic transaction" means a transaction other than an  
576 international transaction.

577 (2) "International transaction" means a transaction that bears a  
578 reasonable relation to a country other than the United States.

579 (b) This section applies to a transaction to the extent that it is  
580 governed by another article of title 42a of the general statutes.

581 (c) Except as otherwise provided in this section:

582 (1) An agreement by parties to a domestic transaction that any or all  
583 of their rights and obligations are to be determined by the law of this  
584 state or of another state is effective, whether or not the transaction  
585 bears a relation to the state designated; and

586 (2) An agreement by parties to an international transaction that any  
587 or all of their rights and obligations are to be determined by the law of

588 this state or of another state or country is effective, whether or not the  
589 transaction bears a relation to the state or country designated.

590 (d) In the absence of an agreement effective under subsection (c) of  
591 this section, and except as provided in subsections (e) and (g) of this  
592 section, the rights and obligations of the parties are determined by the  
593 law that would be selected by application of this state's conflict of laws  
594 principles.

595 (e) If one of the parties to a transaction is a consumer, the following  
596 rules apply:

597 (1) An agreement referred to in subsection (c) of this section is not  
598 effective unless the transaction bears a reasonable relation to the state  
599 or country designated.

600 (2) Application of the law of the state or country determined  
601 pursuant to subsection (c) or (d) of this section may not deprive the  
602 consumer of the protection of any rule of law governing a matter  
603 within the scope of this section, which is both protective of consumers  
604 and may not be varied by agreement:

605 (A) Of the state or country in which the consumer principally  
606 resides, unless subparagraph (B) of this subdivision applies; or

607 (B) If the transaction is a sale of goods, of the state or country in  
608 which the consumer both makes the contract and takes delivery of  
609 such goods, if such state or country is not the state or country in which  
610 the consumer principally resides.

611 (f) An agreement otherwise effective under subsection (c) of this  
612 section is not effective to the extent that application of the law of the  
613 state or country designated would be contrary to a fundamental policy  
614 of the state or country whose law would govern in the absence of  
615 agreement under subsection (d) of this section.

616 (g) To the extent that title 42a of the general statutes governs a

617 transaction, if one of the following provisions of title 42a of the general  
618 statutes specifies the applicable law, that provision governs and a  
619 contrary agreement is effective only to the extent permitted by the law  
620 so specified:

- 621 (1) Section 42a-2-402 of the general statutes;
- 622 (2) Sections 42a-2A-105 and 42a-2A-106 of the general statutes;
- 623 (3) Section 42a-4-102 of the general statutes;
- 624 (4) Section 42a-4A-507 of the general statutes;
- 625 (5) Section 42a-5-116 of the general statutes;
- 626 (6) Section 42a-8-110 of the general statutes;
- 627 (7) Sections 42a-9-301 to 42a-9-307, inclusive, of the general statutes.

628 Sec. 14. (NEW) (*Effective October 1, 2003*) (a) Except as otherwise  
629 provided in subsection (b) of this section or elsewhere in title 42a of the  
630 general statutes, the effect of provisions of title 42a of the general  
631 statutes may be varied by agreement.

632 (b) The obligations of good faith, diligence, reasonableness and care  
633 prescribed by title 42a of the general statutes may not be disclaimed by  
634 agreement. The parties, by agreement, may determine the standards by  
635 which the performance of such obligations is to be measured if such  
636 standards are not manifestly unreasonable. Whenever title 42a of the  
637 general statutes requires an action to be taken within a reasonable  
638 time, a time that is not manifestly unreasonable may be fixed by  
639 agreement.

640 (c) The presence in certain provisions of title 42a of the general  
641 statutes of the phrase "unless otherwise agreed", or words of similar  
642 import, does not imply that the effect of other provisions may not be  
643 varied by agreement under this section.

644       Sec. 15. (NEW) (*Effective October 1, 2003*) (a) A "course of  
645 performance" is a sequence of conduct between the parties to a  
646 particular transaction that exists if:

647       (1) The agreement of the parties with respect to the transaction  
648 involves repeated occasions for performance by a party; and

649       (2) The other party, with knowledge of the nature of the  
650 performance and opportunity for objection to it, accepts the  
651 performance or acquiesces in it without objection.

652       (b) A "course of dealing" is a sequence of conduct concerning  
653 previous transactions between the parties to a particular transaction  
654 that is fairly to be regarded as establishing a common basis of  
655 understanding for interpreting their expressions and other conduct.

656       (c) A "usage of trade" is any practice or method of dealing having  
657 such regularity of observance in a place, vocation or trade as to justify  
658 an expectation that it will be observed with respect to the transaction  
659 in question. The existence and scope of such a usage must be proved as  
660 facts. If it is established that such a usage is embodied in a trade code  
661 or similar record, the interpretation of the record is a question of law.

662       (d) A course of performance or course of dealing between the  
663 parties or usage of trade in the vocation or trade in which they are  
664 engaged or of which they are or should be aware is relevant in  
665 ascertaining the meaning of the parties' agreement, may give particular  
666 meaning to specific terms of the agreement and may supplement or  
667 qualify the terms of the agreement. A usage of trade applicable in the  
668 place in which part of the performance under the agreement is to occur  
669 may be so utilized as to that part of the performance.

670       (e) Except as otherwise provided in subsection (f) of this section, the  
671 express terms of an agreement and any applicable course of  
672 performance, course of dealing or usage of trade must be construed  
673 whenever reasonable as consistent with each other. If such a



674 construction is unreasonable:

675 (1) Express terms prevail over course of performance, course of  
676 dealing and usage of trade;

677 (2) Course of performance prevails over course of dealing and usage  
678 of trade; and

679 (3) Course of dealing prevails over usage of trade.

680 (f) Subject to section 42a-2-209 of the general statutes, a course of  
681 performance is relevant to show a waiver or modification of any term  
682 inconsistent with the course of performance.

683 (g) Evidence of a relevant usage of trade offered by one party is not  
684 admissible unless such party has given the other party notice that the  
685 court finds sufficient to prevent unfair surprise to the other party.

686 Sec. 16. (NEW) (*Effective October 1, 2003*) Every contract or duty  
687 within title 42a of the general statutes imposes an obligation of good  
688 faith in its performance and enforcement.

689 Sec. 17. (NEW) (*Effective October 1, 2003*) (a) The remedies provided  
690 by title 42a of the general statutes must be liberally administered to the  
691 end that the aggrieved party may be put in as good a position as if the  
692 other party had fully performed, but neither consequential or special  
693 damages nor penal damages may be had except as specifically  
694 provided in title 42a of the general statutes or by other rule of law.

695 (b) Any right or obligation declared by title 42a of the general  
696 statutes is enforceable by action unless the provision declaring it  
697 specifies a different and limited effect.

698 Sec. 18. (NEW) (*Effective October 1, 2003*) Any claim or right arising  
699 out of an alleged breach may be discharged in whole or in part without  
700 consideration by agreement of the aggrieved party in an authenticated  
701 record.

702       Sec. 19. (NEW) (*Effective October 1, 2003*) A document in due form  
703       purporting to be a bill of lading, policy or certificate of insurance,  
704       official weigher's or inspector's certificate, consular invoice, or any  
705       other document authorized or required by the contract to be issued by  
706       a third party is prima facie evidence of its own authenticity and  
707       genuineness and of the facts stated in the document by the third party.

708       Sec. 20. (NEW) (*Effective October 1, 2003*) (a) A party that, with  
709       explicit reservation of rights, performs or promises performance or  
710       assents to performance in a manner demanded or offered by the other  
711       party does not thereby prejudice the rights reserved. Such words as  
712       "without prejudice", "under protest" or the like are sufficient.

713       (b) Subsection (a) of this section does not apply to an accord and  
714       satisfaction.

715       Sec. 21. (NEW) (*Effective October 1, 2003*) A term providing that one  
716       party or such party's successor in interest may accelerate payment or  
717       performance or require collateral or additional collateral "at will" or  
718       when the party "deems itself insecure", or words of similar import,  
719       means that the party has power to do so only if such party in good  
720       faith believes that the prospect of payment or performance is impaired.  
721       The burden of establishing lack of good faith is on the party against  
722       which the power has been exercised.

723       Sec. 22. (NEW) (*Effective October 1, 2003*) An obligation may be  
724       issued as subordinated to performance of another obligation of the  
725       person obligated, or a creditor may subordinate its right to  
726       performance of an obligation by agreement with either the person  
727       obligated or another creditor of the person obligated. Subordination  
728       does not create a security interest as against either the common debtor  
729       or a subordinated creditor.

730       Sec. 23. Subsection (1) of section 42a-2-103 of the general statutes is  
731       repealed and the following is substituted in lieu thereof (*Effective*  
732       *October 1, 2003*):

733 (1) In this article unless the context otherwise requires: (a) "Buyer"  
734 means a person who buys or contracts to buy goods. [(b) "Good faith"  
735 in the case of a merchant means honesty in fact and the observance of  
736 reasonable commercial standards of fair dealing in the trade. (c)] (b)  
737 "Receipt" of goods means taking physical possession of them. [(d)] (c)  
738 "Seller" means a person who sells or contracts to sell goods.

739 Sec. 24. Section 42a-2-202 of the general statutes is repealed and the  
740 following is substituted in lieu thereof (*Effective October 1, 2003*):

741 Terms with respect to which the confirmatory memoranda of the  
742 parties agree or which are otherwise set forth in a writing intended by  
743 the parties as a final expression of their agreement with respect to such  
744 terms as are included therein may not be contradicted by evidence of  
745 any prior agreement or of a contemporaneous oral agreement but may  
746 be explained or supplemented (a) by course of performance, course of  
747 dealing or usage of trade as provided by section [42a-1-205 or by  
748 course of performance as provided by section 42a-2-208] 15 of this act;  
749 and (b) by evidence of consistent additional terms unless the court  
750 finds the writing to have been intended also as a complete and  
751 exclusive statement of the terms of the agreement.

752 Sec. 25. Subsection (3) of section 42a-2-402 of the general statutes is  
753 repealed and the following is substituted in lieu thereof (*Effective*  
754 *October 1, 2003*):

755 (3) When a seller remains in possession of goods which have been  
756 sold or identified to a contract for sale or of goods which, after sale,  
757 have been leased back to him, the buyer or lessor of such goods may  
758 protect his interest by complying with the filing provisions of article 9.  
759 On compliance the buyer or lessor has, against creditors of and  
760 purchasers from the seller, the rights of a secured party with a  
761 perfected security interest. Such filing does not, of itself, make the  
762 interest of the buyer or lessor a security interest, as defined by  
763 subsection [(37)] (35) of subsection (b) of section 42a-1-201, as amended  
764 by this act.

765 Sec. 26. Section 42a-2A-102 of the general statutes is repealed and  
766 the following is substituted in lieu thereof (*Effective October 1, 2003*):

767 (a) In this article:

768 (1) "Authenticate" means:

769 (A) To sign; or

770 (B) To execute or otherwise adopt a symbol, or encrypt or similarly  
771 process a record in whole or in part, with the present intent of the  
772 authenticating person to identify the person and adopt or accept a  
773 record.

774 (2) "Cancellation" means an act by either party which ends a lease  
775 contract because of a default by the other party.

776 (3) "Commercial unit" means a unit of goods which by commercial  
777 usage is a single whole for purposes of lease and whose division  
778 materially impairs its character or value in the relevant market or in  
779 use. A commercial unit may be a single article, such as a machine; a set  
780 of articles, such as a suite of furniture or a line of machinery; a  
781 quantity, such as a gross or carload; or any other unit treated in use or  
782 in the relevant market as a single whole.

783 (4) "Computer" means an electronic device that can perform  
784 substantial computations, including numerous arithmetic operations  
785 or logic operations, without human intervention during the  
786 computation or operation.

787 (5) "Conforming" goods or conduct under a lease contract means  
788 goods or performance that are in accordance with the obligations  
789 under the contract.

790 (6) "Conspicuous", with reference to a term, means so written,  
791 displayed or otherwise presented that a reasonable person against  
792 which it is to operate ought to have noticed it. A term in an electronic

793 record intended to evoke a response by an electronic agent is  
794 conspicuous if it is presented in a form that would enable a reasonably  
795 configured electronic agent to take it into account or react without  
796 review of the record by an individual. Conspicuous terms include the  
797 following:

798 (A) With respect to a person:

799 (i) A heading in capitals in a size equal to or greater than, or in  
800 contrasting type, font or color to, the surrounding text;

801 (ii) Language in the body of a record or display in larger or other  
802 contrasting type, font or color or set off from the surrounding text by  
803 symbols or other marks that call attention to the language; and

804 (iii) A term prominently referenced in an electronic record or display  
805 which is readily accessible and reviewable from the record or display;  
806 and

807 (B) With respect to a person or an electronic agent, a term or  
808 reference to a term that is so placed in a record or display that the  
809 person or electronic agent can not proceed without taking some action  
810 with respect to the term or reference.

811 (7) "Consumer" means an individual who leases or contracts to lease  
812 goods that, at the time of contracting, are intended by the individual to  
813 be used primarily for personal, family or household purposes.  
814 Personal, family or household use does not include professional or  
815 commercial purposes, including agriculture, business management  
816 and investment management, other than management of the  
817 individual's personal or family investments.

818 (8) "Consumer lease" means a lease between a merchant lessor and a  
819 consumer.

820 (9) "Delivery" means the voluntary transfer of physical possession or  
821 control of goods.

822 (10) "Electronic" means relating to technology having electrical,  
823 digital, magnetic, wireless, optical or electromagnetic capabilities or  
824 similar capabilities.

825 (11) "Electronic agent" means a computer program or electronic or  
826 other automated means used to initiate an action or to respond to  
827 electronic messages or performances without intervention by an  
828 individual at the time of the action or response.

829 (12) "Electronic message" means an electronic record or display  
830 stored, generated or transmitted by electronic means for purposes of  
831 communication to another person or electronic agent.

832 (13) "Electronic event" means an electronic authentication, message,  
833 record or performance.

834 (14) "Finance lease" means a lease with respect to which:

835 (A) The lessor does not select, manufacture or supply the goods;

836 (B) The lessor acquires the goods or the right to possession and use  
837 of the goods in connection with the lease or, in the case of goods that  
838 have been leased previously by the lessor and are not being leased to a  
839 consumer, in connection with another lease; and

840 (C) One of the following occurs:

841 (i) The lessee receives a copy of the agreement by which the lessor  
842 acquired, or proposes to acquire, the goods or the right to possession  
843 and use of the goods before authenticating the lease agreement;

844 (ii) The lessee's approval of the agreement or of the general  
845 contractual terms under which the lessor acquired or proposes to  
846 acquire the goods or the right to possession and use of the goods is a  
847 condition to the effectiveness of the lease contract;

848 (iii) The lessee, before authenticating the lease agreement, receives  
849 an accurate and complete statement designating the promises and

850 warranties, and any disclaimers of warranties, limitations or  
851 modifications of remedies, or liquidated damages, including those of a  
852 third party, such as the manufacturer of the goods, provided to the  
853 lessor by the person supplying the goods in connection with or as part  
854 of the contract by which the lessor acquired the goods or the right to  
855 possession and use of the goods; or

856 (iv) If the lease is not a consumer lease, before the lessee  
857 authenticates the lease agreement, the lessor informs the lessee in  
858 writing:

859 (I) Of the identity of the person supplying the goods to the lessor,  
860 unless the lessee has selected such person and directed the lessor to  
861 acquire the goods or the right to possession and use of the goods from  
862 such person;

863 (II) That the lessee is entitled under this article to the promises and  
864 warranties, including those of any third party, provided to the lessor  
865 by the person supplying the goods in connection with or as part of the  
866 contract by which the lessor acquired the goods or the right to  
867 possession and use of the goods; and

868 (III) That the lessee may communicate with the person supplying  
869 the goods to the lessor and receive an accurate and complete statement  
870 of such promises and warranties, including any disclaimers and  
871 limitations of such promises and warranties, or a statement of  
872 remedies.

873 [(15) "Good faith" means honesty in fact and the observance of  
874 reasonable commercial standards of fair dealing.]

875 [(16)] (15) "Goods" means all things that are movable at the time of  
876 identification to a lease contract or that are fixtures. The term includes  
877 the unborn young of animals. The term does not include money in  
878 which the rent is to be paid, the subject of foreign exchange  
879 transactions, documents, letters of credit, instruments, investment

880 property, accounts, chattel paper or general intangibles, payment  
881 intangibles or minerals, or the like, including oil and gas, before  
882 extraction.

883 [(17)] (16) "Information processing system" means an electronic  
884 system for creating, generating, sending, receiving, storing, displaying  
885 or processing information.

886 [(18)] (17) "Lease" means the transfer of the right to possession and  
887 use of goods for a period in return for consideration. The term includes  
888 a sublease unless the context clearly indicates otherwise. The term does  
889 not include a sale, including a sale on approval or a sale or return, or  
890 retention or creation of a security interest.

891 [(19)] (18) "Lease agreement" means the bargain, with respect to the  
892 lease, of the lessor and the lessee in fact as found in their language or  
893 inferred from other circumstances, including course of performance,  
894 course of dealing, or usage of trade as provided in this article. The  
895 term includes a sublease agreement unless the context clearly indicates  
896 otherwise.

897 [(20)] (19) "Lease contract" means the total legal obligation resulting  
898 from the lease agreement as affected by this article and other  
899 applicable law. The term includes a sublease contract unless the  
900 context clearly indicates otherwise.

901 [(21)] (20) "Leasehold interest" means the interest of the lessor or the  
902 lessee under a lease contract.

903 [(22)] (21) "Lessee" means a person that acquires the right to  
904 possession and use of goods under a lease. The term includes a  
905 sublessee unless the context clearly indicates otherwise.

906 [(23)] (22) "Lessee in ordinary course of business" means a person  
907 that, in good faith and without knowledge that the person's lease is in  
908 violation of ownership rights, a security interest or a leasehold interest  
909 of a third party in the goods, leases in the ordinary course from a



910 person in the business of selling or leasing goods of that kind for cash  
911 or by exchange of other property or on secured or unsecured credit,  
912 including receiving goods or documents of title under a preexisting  
913 lease contract, but not including a transfer in bulk, or as security for or  
914 in total or partial satisfaction of a money debt. The term does not  
915 include a pawnbroker.

916 [(24)] (23) "Lessor" means a person that transfers the right to  
917 possession and use of goods under a lease. The term includes a  
918 sublessor unless the context clearly indicates otherwise.

919 [(25)] (24) "Lessor's residual interest" means the lessor's interest in  
920 goods after expiration, termination or cancellation of a lease contract.

921 [(26)] (25) "Lien" means a charge against or interest in goods to  
922 secure payment of a debt or performance of an obligation. The term  
923 does not include a security interest.

924 [(27)] (26) "Lot" means a parcel or single article that is the subject  
925 matter of a separate lease or delivery, whether or not it is sufficient to  
926 perform the lease contract.

927 [(28)] (27) "Merchant lessee" means a lessee that is a merchant with  
928 respect to goods of the kind subject to the lease.

929 [(29)] (28) "Present value" means the amount as of a date certain of  
930 one or more sums payable in the future, discounted to the date certain.  
931 In determining present value, the discount is determined by the  
932 interest rate specified by the parties if the rate was not manifestly  
933 unreasonable at the time the transaction was entered into. Otherwise,  
934 the discount is determined by a commercially reasonable rate that  
935 takes into account the facts and circumstances of each case at the time  
936 the transaction was entered into.

937 [(30)] (29) "Receive" means:

938 (A) With respect to goods, to take delivery; or

939 (B) With respect to a notice:

940 (i) To come to a person's attention; or

941 (ii) To be delivered to and available at a location designated by  
942 agreement for the purpose of notice, or, in the absence of an agreed  
943 location:

944 (I) To be delivered at the person's residence, or the person's place of  
945 business through which the contract was made, or at any other place  
946 held out by the person as a place for the receipt of such notices; or

947 (II) In the case of an electronic record, to come into existence in an  
948 information processing system in a form capable of being processed by  
949 or perceived from a system of that type, if the recipient uses, has  
950 designated or holds out that system as a place for the receipt of the  
951 notices.

952 [(31)] (30) "Record" means information that is inscribed on a tangible  
953 medium or that is stored in an electronic or other medium and is  
954 retrievable in perceivable form.

955 [(32)] (31) "Send" means, with any costs provided for and properly  
956 addressed or directed as reasonable under the circumstances or as  
957 otherwise agreed, to (A) deposit in the mail or with a commercially  
958 reasonable carrier, (B) deliver for transmission to or creation in another  
959 location or system, or (C) take the steps necessary to initiate  
960 transmission to or creation in another location or system. In addition,  
961 with respect to an electronic message, the term means to initiate  
962 operations that in the ordinary course will cause the record to come  
963 into existence in an information processing system in a form capable of  
964 being processed by or perceived from a system of that type by the  
965 recipient, if the recipient uses, has designated or holds out that system  
966 or address as a place for the receipt of communications of the kind.  
967 Receipt within the time in which it would have arrived if properly sent  
968 has the effect of a proper sending.

969 [(33)] (32) "Sublease" means a lease of goods whose right to  
 970 possession and use is acquired by the lessor as a lessee under an  
 971 existing lease.

972 [(34)] (33) "Supplier" means a person from which a lessor buys or  
 973 leases goods to be leased under a finance lease.

974 [(35)] (34) "Supply contract" means a contract under which a lessor  
 975 buys or leases goods to be leased.

976 [(36)] (35) "Termination" means the ending of a contract or a part  
 977 thereof by an act by a party under a power created by agreement or  
 978 law, or by operation of the terms of the agreement for a reason other  
 979 than for a default by the other party.

980 (b) The following definitions in other articles apply to this article:

T14 "Account". Section 42a-9-102(a)(2).  
 T15 "Between merchants". Section 42a-2-104(3).  
 T16 "Buyer". Section 42a-2-103(1)(a).  
 T17 "Chattel paper". Section 42a-9-102(a)(11).  
 T18 "Consumer goods". Section 42a-9-102(a)(23).  
 T19 "Document". Section 42a-9-102(a)(30).  
 T20 "Entrusting". Section 42a-2-403(3).  
 T21 "General intangible". Section 42a-9-102(a)(42).  
 T22 "Instrument". Section 42a-9-102(a)(47).  
 T23 "Merchant". Section 42a-2-104(1).  
 T24 "Mortgage". Section 42a-9-102(a)(55).  
 T25 "Pursuant to commitment". Section 42a-9-102(a)(68).  
 T26 "Sale". Section 42a-2-106(1).  
 T27 "Sale on approval". Section 42a-2-326(1)(a).  
 T28 "Sale or return". Section 42a-2-326(1)(b).  
 T29 "Seller". Section [42a-2-103(1)(d)] 42a-2-103(1)(c), as amended  
by this act.

981 (c) In addition, article 1 contains general definitions and principles

982 of construction that apply throughout this article.

983 Sec. 27. Subsection (a) of section 42a-2A-704 of the general statutes is  
984 repealed and the following is substituted in lieu thereof (*Effective*  
985 *October 1, 2003*):

986 (a) In accordance with section [42a-1-106] 17 of this act, the remedies  
987 provided in this article must be liberally administered with the  
988 purpose of placing the aggrieved party in as good a position as if the  
989 other party had fully performed.

990 Sec. 28. Subsection (a) of section 42a-2A-721 of the general statutes is  
991 repealed and the following is substituted in lieu thereof (*Effective*  
992 *October 1, 2003*):

993 (a) Except as otherwise provided with respect to damages  
994 liquidated in the lease agreement under section 42a-2A-710 or  
995 otherwise determined by agreement of the parties under [subdivision  
996 (3) of section 42a-1-102] section 14 of this act and section 42a-2A-711, if  
997 a lessor elects to retain the goods or elects to dispose of the goods and  
998 the disposition is by lease agreement that for any reason does not  
999 qualify for treatment under subsection (b) of section 42a-2A-720 or is  
1000 by sale or otherwise, the lessor may recover from the lessee as damages  
1001 for a default of the type described in subsection (a) or subdivision (1)  
1002 of subsection (c) of section 42a-2A-716 or, if agreed, for other default of  
1003 the lessee:

1004 (1) Accrued and unpaid rent as of the date of default if the lessee has  
1005 never taken possession of the goods, or, if the lessee has taken  
1006 possession of the goods, as of the date the lessor repossesses the goods  
1007 or an earlier date on which the lessee makes a tender of the goods to  
1008 the lessor;

1009 (2) The present value, as of the date determined under subdivision  
1010 (1) of this subsection, of the total rent for the then remaining period of  
1011 the original lease agreement, minus the present value as of the same

1012 date of the market rent at the place where the goods are located  
1013 computed for the same lease term; and

1014 (3) Any incidental or consequential damages allowed under section  
1015 42a-2A-706 or 42a-2A-707, less expenses saved in consequence of the  
1016 lessee's default.

1017 Sec. 29. Subsection (a) of section 42a-3-103 of the general statutes is  
1018 repealed and the following is substituted in lieu thereof (*Effective*  
1019 *October 1, 2003*):

1020 (a) In this article:

1021 (1) "Acceptor" means a drawee who has accepted a draft.

1022 (2) "Drawee" means a person ordered in a draft to make payment.

1023 (3) "Drawer" means a person who signs or is identified in a draft as  
1024 a person ordering payment.

1025 [(4) "Good faith" means honesty in fact and the observance of  
1026 reasonable commercial standards of fair dealing.]

1027 [(5)] (4) "Maker" means a person who signs or is identified in a note  
1028 as a person undertaking to pay.

1029 [(6)] (5) "Order" means a written instruction to pay money signed by  
1030 the person giving the instruction. The instruction may be addressed to  
1031 any person, including the person giving the instruction, or to one or  
1032 more persons jointly or in the alternative but not in succession. An  
1033 authorization to pay is not an order unless the person authorized to  
1034 pay is also instructed to pay.

1035 [(7)] (6) "Ordinary care" in the case of a person engaged in business  
1036 means observance of reasonable commercial standards, prevailing in  
1037 the area in which the person is located, with respect to the business in  
1038 which the person is engaged. In the case of a bank that takes an  
1039 instrument for processing for collection or payment by automated

1040 means, reasonable commercial standards do not require the bank to  
1041 examine the instrument if the failure to examine does not violate the  
1042 bank's prescribed procedures and the bank's procedures do not vary  
1043 unreasonably from general banking usage not disapproved by this  
1044 article or article 4.

1045 [(8)] (7) "Party" means a party to an instrument.

1046 [(9)] (8) "Promise" means a written undertaking to pay money  
1047 signed by the person undertaking to pay. An acknowledgment of an  
1048 obligation by the obligor is not a promise unless the obligor also  
1049 undertakes to pay the obligation.

1050 [(10)] (9) "Prove" with respect to a fact means to meet the burden of  
1051 establishing the fact, [ as defined in section 42a-1-201(8).]

1052 [(11)] (10) "Remitter" means a person who purchases an instrument  
1053 from its issuer if the instrument is payable to an identified person  
1054 other than the purchaser.

1055 Sec. 30. Subsection (c) of section 42a-4-104 of the general statutes is  
1056 repealed and the following is substituted in lieu thereof (*Effective*  
1057 *October 1, 2003*):

1058 (c) The following definitions in other articles apply to this article:

T30 "Acceptance". Section 42a-3-409.

T31 "Alteration". Section 42a-3-407.

T32 "Cashier's check". Section 42a-3-104.

T33 "Certificate of deposit". Section 42a-3-104.

T34 "Certified check". Section 42a-3-409.

T35 "Check". Section 42a-3-104.

T36 ["Good faith". Section 42a-3-103.]

T37 "Holder in due course". Section 42a-3-302.

T38 "Instrument". Section 42a-3-104.

T39 "Notice of dishonor". Section 42a-3-503.  
T40 "Order". Section 42a-3-103.  
T41 "Ordinary care". Section 42a-3-103.  
T42 "Person entitled to enforce". Section 42a-3-301.  
T43 "Presentment". Section 42a-3-501.  
T44 "Promise". Section 42a-3-103.  
T45 "Prove". Section 42a-3-103.  
T46 "Teller's check". Section 42a-3-104.  
T47 "Unauthorized signature". Section 42a-3-403.

1059 Sec. 31. Subsection (a) of section 42a-4A-105 of the general statutes is  
1060 repealed and the following is substituted in lieu thereof (*Effective*  
1061 *October 1, 2003*):

1062 (a) In this article:

1063 (1) "Authorized account" means a deposit account of a customer in a  
1064 bank designated by the customer as a source of payment of payment  
1065 orders issued by the customer to the bank. If a customer does not so  
1066 designate an account, any account of the customer is an authorized  
1067 account if payment of a payment order from that account is not  
1068 inconsistent with a restriction on the use of that account.

1069 (2) "Bank" means a person engaged in the business of banking and  
1070 includes a savings bank, savings and loan association, credit union,  
1071 and trust company. A branch or separate office of a bank is a separate  
1072 bank for purposes of this article.

1073 (3) "Customer" means a person, including a bank, having an account  
1074 with a bank or from whom a bank has agreed to receive payment  
1075 orders.

1076 (4) "Funds-transfer business day" of a receiving bank means the part  
1077 of a day during which the receiving bank is open for the receipt,  
1078 processing, and transmittal of payment orders and cancellations and

1079 amendments of payment orders.

1080 (5) "Funds-transfer system" means a wire-transfer network,  
1081 automated clearing house, or other communication system of a  
1082 clearing house or other association of banks through which a payment  
1083 order by a bank may be transmitted to the bank to which the order is  
1084 addressed.

1085 [(6) "Good faith" means honesty in fact and the observance of  
1086 reasonable commercial standards of fair dealing.]

1087 [(7)] (6) "Prove" with respect to a fact means to meet the burden of  
1088 establishing the fact. [(Section 42a-1-201(8)).]

1089 Sec. 32. Subsection (a) of section 42a-4A-106 of the general statutes is  
1090 repealed and the following is substituted in lieu thereof (*Effective*  
1091 *October 1, 2003*):

1092 (a) The time of receipt of a payment order or communication  
1093 cancelling or amending a payment order is determined by the rules  
1094 applicable to receipt of a notice stated in [subsection (27) of section 42a-  
1095 1-201] section 42a-1-202, as amended by this act. A receiving bank may  
1096 fix a cutoff time or times on a funds-transfer business day for the  
1097 receipt and processing of payment orders and communications  
1098 cancelling or amending payment orders. Different cutoff times may  
1099 apply to payment orders, cancellations, or amendments, or to different  
1100 categories of payment orders, cancellations, or amendments. A cutoff  
1101 time may apply to senders generally or different cutoff times may  
1102 apply to different senders or categories of payment orders. If a  
1103 payment order or communication cancelling or amending a payment  
1104 order is received after the close of a funds-transfer business day or  
1105 after the appropriate cutoff time on a funds-transfer business day, the  
1106 receiving bank may treat the payment order or communication as  
1107 received at the opening of the next funds-transfer business day.

1108 Sec. 33. Subsection (b) of section 42a-4A-204 of the general statutes is



1109 repealed and the following is substituted in lieu thereof (*Effective*  
1110 *October 1, 2003*):

1111 (b) Reasonable time under subsection (a) of this section may be fixed  
1112 by agreement as stated in [subsection (1) of section 42a-1-204]  
1113 subsection (b) of section 14 of this act, but the obligation of a receiving  
1114 bank to refund payment as stated in subsection (a) of this section may  
1115 not otherwise [by] be varied by agreement.

1116 Sec. 34. Subsection (a) of section 42a-5-102 of the general statutes is  
1117 repealed and the following is substituted in lieu thereof (*Effective*  
1118 *October 1, 2003*):

1119 (a) In this article:

1120 (1) "Adviser" means a person who, at the request of the issuer, a  
1121 confirmer or another adviser, notifies or requests another adviser to  
1122 notify the beneficiary that a letter of credit has been issued, confirmed  
1123 or amended.

1124 (2) "Applicant" means a person at whose request or for whose  
1125 account a letter of credit is issued. The term includes a person who  
1126 requests an issuer to issue a letter of credit on behalf of another if the  
1127 person making the request undertakes an obligation to reimburse the  
1128 issuer.

1129 (3) "Beneficiary" means a person who under the terms of a letter of  
1130 credit is entitled to have its complying presentation honored. The term  
1131 includes a person to whom drawing rights have been transferred  
1132 under a transferable letter of credit.

1133 (4) "Confirmer" means a nominated person who undertakes, at the  
1134 request or with the consent of the issuer, to honor a presentation under  
1135 a letter of credit issued by another.

1136 (5) "Dishonor" of a letter of credit means failure timely to honor or  
1137 to take an interim action, such as acceptance of a draft, that may be

1138 required by the letter of credit.

1139 (6) "Document" means a draft or other demand, document of title,  
1140 investment security, certificate, invoice or other record, statement or  
1141 representation of fact, law, right or opinion [(i)] (A) which is presented  
1142 in a written or other medium permitted by the letter of credit or, unless  
1143 prohibited by the letter of credit, by the standard practice referred to in  
1144 subsection (e) of section 42a-5-108, and [(ii)] (B) which is capable of  
1145 being examined for compliance with the terms and conditions of the  
1146 letter of credit. A document may not be oral.

1147 [(7) "Good faith" means honesty in fact in the conduct or transaction  
1148 concerned and the observance of reasonable commercial standards of  
1149 fair dealing.]

1150 [(8)] (7) "Honor" of a letter of credit means performance of the  
1151 issuer's undertaking in the letter of credit to pay or deliver an item of  
1152 value. Unless the letter of credit otherwise provides, "honor" occurs  
1153 [(i)] (A) upon payment, [(ii)] (B) if the letter of credit provides for  
1154 acceptance, upon acceptance of a draft and, at maturity, its payment,  
1155 or [(iii)] (C) if the letter of credit provides for incurring a deferred  
1156 obligation, upon incurring the obligation and, at maturity, its  
1157 performance.

1158 [(9)] (8) "Issuer" means a bank or other person that issues a letter of  
1159 credit, but does not include an individual who makes an engagement  
1160 for personal, family or household purposes.

1161 [(10)] (9) "Letter of credit" means a definite undertaking that satisfies  
1162 the requirements of section 42a-5-104 by an issuer to a beneficiary at  
1163 the request or for the account of an applicant or, in the case of a  
1164 financial institution, to itself or for its own account, to honor a  
1165 documentary presentation by payment or delivery of an item of value.

1166 [(11)] (10) "Nominated person" means a person whom the issuer [(i)]  
1167 (A) designates or authorizes to pay, accept, negotiate or otherwise give

1168 value under a letter of credit, and [(ii)] (B) undertakes by agreement or  
1169 custom and practice to reimburse.

1170 [(12)] (11) "Presentation" means delivery of a document to an issuer  
1171 or nominated person for honor or giving of value under a letter of  
1172 credit.

1173 [(13)] (12) "Presenter" means a person making a presentation as or  
1174 on behalf of a beneficiary or nominated person.

1175 [(14)] (13) "Record" means information that is inscribed on a tangible  
1176 medium, or that is stored in an electronic or other medium and is  
1177 retrievable in perceivable form.

1178 [(15)] (14) "Successor of a beneficiary" means a person who succeeds  
1179 to substantially all of the rights of a beneficiary by operation of law,  
1180 including a corporation with or into which the beneficiary has been  
1181 merged or consolidated, an administrator, executor, personal  
1182 representative, trustee in bankruptcy, debtor in possession, liquidator  
1183 and receiver.

1184 Sec. 35. Subsection (c) of section 42a-5-103 of the general statutes is  
1185 repealed and the following is substituted in lieu thereof (*Effective*  
1186 *October 1, 2003*):

1187 (c) With the exception of this subsection, subsections (a) and (d) of  
1188 this section, subdivisions [(9) and (10)] (8) and (9) of subsection (a) of  
1189 section 42a-5-102, as amended by this act, subsection (d) of section 42a-  
1190 5-106 and subsection (d) of section 42a-5-114, and except to the extent  
1191 prohibited in [subsection (3) of section 42a-1-102] section 14 of this act  
1192 and subsection (d) of section 42a-5-117, the effect of this article may be  
1193 varied by agreement or by a provision stated or incorporated by  
1194 reference in an undertaking. A term in an agreement or undertaking  
1195 generally excusing liability or generally limiting remedies for failure to  
1196 perform obligations is not sufficient to vary obligations prescribed by  
1197 this article.

1198 Sec. 36. Subsection (g) of section 42a-5-108 of the general statutes is  
1199 repealed and the following is substituted in lieu thereof (*Effective*  
1200 *October 1, 2003*):

1201 (g) If an undertaking constituting a letter of credit under  
1202 subdivision [(10)] (9) of subsection (a) of section 42a-5-102, as amended  
1203 by this act, contains nondocumentary conditions, an issuer shall  
1204 disregard the nondocumentary conditions and treat them as if they  
1205 were not stated.

1206 Sec. 37. Subsection (a) of section 42a-8-102 of the general statutes is  
1207 repealed and the following is substituted in lieu thereof (*Effective*  
1208 *October 1, 2003*):

1209 (a) In this article:

1210 (1) "Adverse claim" means a claim that a claimant has a property  
1211 interest in a financial asset and that it is a violation of the rights of the  
1212 claimant for another person to hold, transfer or deal with the financial  
1213 asset.

1214 (2) "Bearer form", as applied to a certificated security, means a form  
1215 in which the security is payable to the bearer of the security certificate  
1216 according to its terms but not by reason of an endorsement.

1217 (3) "Broker" means a person defined as a broker or dealer under the  
1218 federal securities laws, but without excluding a bank acting in that  
1219 capacity.

1220 (4) "Certificated security" means a security that is represented by a  
1221 certificate.

1222 (5) "Clearing corporation" means:

1223 [(i)] (A) A person that is registered as a "clearing agency" under the  
1224 federal securities laws;

1225 [(ii)] (B) A federal reserve bank; or

1226 [(iii)] (C) Any other person that provides clearance or settlement  
1227 services with respect to financial assets that would require it to register  
1228 as a clearing agency under the federal securities laws but for an  
1229 exclusion or exemption from the registration requirement, if its  
1230 activities as a clearing corporation, including promulgation of rules,  
1231 are subject to regulation by a federal or state governmental authority.

1232 (6) "Communicate" means to:

1233 [(i)] (A) Send a signed writing; or

1234 [(ii)] (B) Transmit information by any mechanism agreed upon by  
1235 the persons transmitting and receiving the information.

1236 (7) "Endorsement" means a signature that alone or accompanied by  
1237 other words is made on a security certificate in registered form or on a  
1238 separate document for the purpose of assigning, transferring or  
1239 redeeming the security or granting a power to assign, transfer or  
1240 redeem it.

1241 (8) "Entitlement holder" means a person identified in the records of  
1242 a securities intermediary as the person having a security entitlement  
1243 against the securities intermediary. If a person acquires a security  
1244 entitlement by virtue of [section 42a-8-501(b)(2) or (3)] subdivision (2)  
1245 or (3) of subsection (b) of section 42a-8-501, that person is the  
1246 entitlement holder.

1247 (9) "Entitlement order" means a notification communicated to a  
1248 securities intermediary directing transfer or redemption of a financial  
1249 asset to which the entitlement holder has a security entitlement.

1250 (10) "Financial asset", except as otherwise provided in section 42a-8-  
1251 103, means: [(i)] (A) A security; [(ii)] (B) an obligation of a person or a  
1252 share, participation or other interest in a person or in property or an  
1253 enterprise of a person, which is, or is of a type, dealt in or traded on  
1254 financial markets, or which is recognized in any area in which it is  
1255 issued or dealt in as a medium for investment; or [(iii)] (C) any

1256 property that is held by a securities intermediary for another person in  
1257 a securities account if the securities intermediary has expressly agreed  
1258 with the other person that the property is to be treated as a financial  
1259 asset under this article. As context requires, the term means either the  
1260 interest itself or the means by which a person's claim to it is evidenced,  
1261 including a certificated or uncertificated security, a security certificate,  
1262 or a security entitlement.

1263 [(11) "Good faith", for purposes of the obligation of good faith in the  
1264 performance or enforcement of contracts or duties within this article,  
1265 means honesty in fact and the observance of reasonable commercial  
1266 standards of fair dealing.]

1267 [(12)] (11) "Instruction" means a notification communicated to the  
1268 issuer of an uncertificated security which directs that the transfer of the  
1269 security be registered or that the security be redeemed.

1270 [(13)] (12) "Registered form", as applied to a certificated security,  
1271 means a form in which:

1272 [(i)] (A) The security certificate specifies a person entitled to the  
1273 security; and

1274 [(ii)] (B) A transfer of the security may be registered upon books  
1275 maintained for that purpose by or on behalf of the issuer, or the  
1276 security certificate so states.

1277 [(14)] (13) "Securities intermediary" means:

1278 [(i)] (A) A clearing corporation; or

1279 [(ii)] (B) A person, including a bank or broker, that in the ordinary  
1280 course of its business maintains securities accounts for others and is  
1281 acting in that capacity.

1282 [(15)] (14) "Security", except as otherwise provided in section 42a-8-  
1283 103, means an obligation of an issuer or a share, participation, or other

1284 interest in an issuer or in property or an enterprise of an issuer:

1285 [(i)] (A) Which is represented by a security certificate in bearer or  
1286 registered form, or the transfer of which may be registered upon books  
1287 maintained for that purpose by or on behalf of the issuer;

1288 [(ii)] (B) Which is one of a class or series or by its terms is divisible  
1289 into a class or series of shares, participations, interests or obligations;  
1290 and

1291 [(iii)] (C) Which:

1292 [(A)] (i) Is, or is of a type, dealt in or traded on securities exchanges  
1293 or securities markets; or

1294 [(B)] (ii) Is a medium for investment and by its terms expressly  
1295 provides that it is a security governed by this article.

1296 [(16)] (15) "Security certificate" means a certificate representing a  
1297 security.

1298 [(17)] (16) "Security entitlement" means the rights and property  
1299 interest of an entitlement holder with respect to a financial asset  
1300 specified in part 5.

1301 [(18)] (17) "Uncertificated security" means a security that is not  
1302 represented by a certificate.

1303 Sec. 38. Section 42a-8-111 of the general statutes is repealed and the  
1304 following is substituted in lieu thereof (*Effective October 1, 2003*):

1305 A rule adopted by a clearing corporation governing rights and  
1306 obligations among the clearing corporation and its participants in the  
1307 clearing corporation is effective even if the rule conflicts with this  
1308 article, [and sections 42a-1-105,] section 13 of this act and sections 42a-  
1309 4-104(a), 42a-9-103a, 42a-9-105, 42a-9-106, 42a-9-115, 42a-9-116, 42a-9-  
1310 203(1), 42a-9-301(1), 42a-9-302(1), 42a-9-304, 42a-9-305, 42a-9-306, 42a-9-  
1311 309 and 42a-9-312 and affects another party who does not consent to

1312 the rule.

1313 Sec. 39. Subdivision (43) of subsection (a) of section 42a-9-102 of the  
1314 general statutes is repealed and the following is substituted in lieu  
1315 thereof (*Effective October 1, 2003*):

1316 (43) "Good faith" [means honesty in fact and the observance of  
1317 reasonable commercial standards of fair dealing] has the same  
1318 meaning as provided in subdivision (20) of subsection (b) of section  
1319 42a-1-201, as amended by this act.

1320 Sec. 40. Section 1-1a of the general statutes is repealed and the  
1321 following is substituted in lieu thereof (*Effective October 1, 2003*):

1322 Unless the context of any statute requires a different interpretation,  
1323 all words and terms appearing in any statute and relating to security in  
1324 personal property shall be construed to mean their counterparts in  
1325 subsection [(37)] (35) of subsection (b) of section 42a-1-201, as amended  
1326 by this act, and chapter 748. In particular "chattel mortgage",  
1327 "conditional sale contract" or "lien" on personal property, except a lien  
1328 of the type to which chapter 748 does not apply under subdivision (2)  
1329 of subsection (d) of section 42a-9-109, shall be construed to mean  
1330 "security interest"; "mortgagor" and "conditional vendee" shall be  
1331 construed to mean "debtor"; "mortgagee" and "conditional vendor"  
1332 shall be construed to mean "secured party".

1333 Sec. 41. Subsection (b) of section 1-268 of the general statutes is  
1334 repealed and the following is substituted in lieu thereof (*Effective*  
1335 *October 1, 2003*):

1336 (b) Sections 1-266 to 1-286, inclusive, do not apply to a transaction to  
1337 the extent it is governed by:

1338 (1) A law governing the creation and execution of wills, codicils or  
1339 testamentary trusts;

1340 (2) Except to the extent provided in section 1-281, the Uniform



1341 Commercial Code, other than [sections 42a-1-107 and 42a-1-206,]  
1342 section 18 of this act and article 2 of title 42a; or

1343 (3) Sections 47-10, 47-12, 47-12a, 47-14g, 47-14j, 47-14k, 47-15, 47-16,  
1344 47-17, 47-18a and 47-19.

1345 Sec. 42. Subsection (d) of section 1-281 of the general statutes is  
1346 repealed and the following is substituted in lieu thereof (*Effective*  
1347 *October 1, 2003*):

1348 (d) Except as otherwise agreed, a person having control of a  
1349 transferable record is the holder, as defined in subdivision [(20)] (21) of  
1350 subsection (b) of section 42a-1-201, as amended by this act, or other  
1351 similar law, of the transferable record and has the same rights and  
1352 defenses as a holder of an equivalent record or writing under the  
1353 Uniform Commercial Code, or other similar law, including, if the  
1354 applicable statutory requirements under subsection (a) of section 42a-  
1355 3-302 or section 42a-7-501 or 42a-9-308, or other similar law, are  
1356 satisfied, the rights and defenses of a holder in due course, a holder to  
1357 which a negotiable document of title has been duly negotiated or a  
1358 purchaser, respectively. Delivery, possession and endorsement are not  
1359 required to obtain or exercise any of the rights under this subsection.

1360 Sec. 43. Subparagraph (C) of subdivision (70) of section 12-81 of the  
1361 general statutes is repealed and the following is substituted in lieu  
1362 thereof (*Effective October 1, 2003*):

1363 (C) The state and the municipality and district shall hold a security  
1364 interest, as defined in subdivision [(37)] (35) of subsection (b) of section  
1365 42a-1-201, as amended by this act, in any machinery or equipment  
1366 which is exempt from taxation pursuant to this subdivision, in an  
1367 amount equal to the tax revenue reimbursed or lost, as the case may  
1368 be, which shall be subordinate to any purchase money security  
1369 interest, as defined in section 42a-9-103a. Such security interest shall be  
1370 enforceable against the taxpayer for a period of five years after the last  
1371 assessment year in which such exemption was received in any case in

1372 which the business organization ceases all business operations or  
1373 moves its business operations entirely out of this state. Any assessor  
1374 who has granted an exemption under this subdivision shall provide  
1375 written notification to the secretary of the cessation of such operations  
1376 or the move of such operations entirely out of this state. Such  
1377 notification may be made at any time after the October first of the last  
1378 assessment year in which such exemption is granted and before the  
1379 September thirtieth that is five years after the conclusion of said  
1380 assessment year. Upon receiving such notification and complying with  
1381 the provisions of section 12-35a, the state shall have a lien upon the  
1382 machinery or equipment situated in this state and owned by the  
1383 person that ceased all business operations or moved such operations  
1384 entirely out of this state. Notwithstanding the provisions of section 12-  
1385 35a, the total amount of the reimbursement made by the state for the  
1386 property tax exemptions granted to the person under the provisions of  
1387 this subdivision, shall be deemed to be the amount of the tax which  
1388 such person failed to pay. Notwithstanding said section 12-35a, the  
1389 information required to be included in the notice of lien for said tax  
1390 shall be as follows: (i) The owner of the property upon which the lien  
1391 is claimed, (ii) the business address or residence address of such  
1392 owner, (iii) the specific property claimed to be subject to such lien, (iv)  
1393 the location of such property at the time it was last made tax-exempt  
1394 pursuant to this subdivision, (v) the total amount of the  
1395 reimbursement made by the state for the property tax exemptions  
1396 granted to such owner under the provisions of this subdivision, and  
1397 (vi) the tax period or periods for which such lien is claimed. If more  
1398 than one agency of the state perfects such a notice of lien on the same  
1399 day, the priority of such liens shall be determined by the time of day  
1400 such liens were perfected, and if perfected at the same time, the lien for  
1401 the highest amount shall have priority. In addition to the other  
1402 remedies provided in this subdivision, the Attorney General, upon  
1403 request of the secretary, may bring a civil action in a court of  
1404 competent jurisdiction to recover the amount of tax revenue  
1405 reimbursed by the state from any person who received an exemption

1406 under this subdivision.

1407 Sec. 44. Subparagraph (C) of subdivision (72) of section 12-81 of the  
1408 general statutes is repealed and the following is substituted in lieu  
1409 thereof (*Effective October 1, 2003*):

1410 (C) Any person claiming the exemption provided under this  
1411 subdivision for machinery or equipment shall not be eligible to claim  
1412 the exemption provided under subdivision (60) of this section or  
1413 subdivision (70) of this section, as amended by this act, for the same  
1414 machinery or equipment. The state and the municipality and district  
1415 shall hold a security interest, as defined in subdivision [(37)] (35) of  
1416 subsection (b) of section 42a-1-201, as amended by this act, in any  
1417 machinery or equipment which is exempt from taxation pursuant to  
1418 this subdivision, in an amount equal to the tax revenue reimbursed or  
1419 lost, as the case may be, which shall be subordinate to any purchase  
1420 money security interest, as defined in section 42a-9-103a. Such security  
1421 interest shall be enforceable against the claimant for a period of five  
1422 years after the last assessment year in which such exemption was  
1423 received in any case in which such person ceases all manufacturing or  
1424 biotechnology operations or moves such manufacturing or  
1425 biotechnology operations entirely out of this state. Any assessor who  
1426 has granted an exemption under this subdivision shall provide written  
1427 notification to the secretary of the cessation of such operations or the  
1428 move of such operations entirely out of this state. Such notification  
1429 may be made at any time after the October first of the last assessment  
1430 year in which such exemption is granted and before the September  
1431 thirtieth that is five years after the conclusion of said assessment year.  
1432 Upon receiving such notification and complying with the provisions of  
1433 section 12-35a, the state shall have a lien upon the machinery or  
1434 equipment situated in this state and owned by the person that ceased  
1435 all business operations or moved such operations entirely out of this  
1436 state. Notwithstanding the provisions of section 12-35a, the total  
1437 amount of the reimbursement made by the state for the property tax  
1438 exemptions granted to the person under the provisions of this

1439 subdivision, shall be deemed to be the amount of the tax which such  
1440 person failed to pay. Notwithstanding said section 12-35a, the  
1441 information required to be included in the notice of lien for such tax  
1442 shall be as follows: (i) The owner of the property upon which the lien  
1443 is claimed, (ii) the business address or residence address of such  
1444 owner, (iii) the specific property claimed to be subject to such lien, (iv)  
1445 the location of such property at the time it was last made tax-exempt  
1446 pursuant to this subdivision, (v) the total amount of the  
1447 reimbursement made by the state for the property tax exemptions  
1448 granted to such owner under the provisions of this subdivision, and  
1449 (vi) the tax period or periods for which such lien is claimed. If more  
1450 than one agency of the state perfects such a notice of lien on the same  
1451 day, the priority of such liens shall be determined by the time of day  
1452 such liens were perfected, and if perfected at the same time, the lien for  
1453 the highest amount shall have priority. In addition to the other  
1454 remedies provided in this subdivision, the Attorney General, upon  
1455 request of the secretary, may bring a civil action in a court of  
1456 competent jurisdiction to recover the amount of tax revenue  
1457 reimbursed by the state from any person who received an exemption  
1458 under this subdivision. The following shall not be eligible for the  
1459 exemption provided under this subdivision: (I) A public service  
1460 company, as defined in section 16-1; and (II) any provider, directly or  
1461 indirectly, of electricity, oil, water or gas.

1462 Sec. 45. Subdivision (12) of subsection (a) of section 12-407 of the  
1463 general statutes is repealed and the following is substituted in lieu  
1464 thereof (*Effective October 1, 2003*):

1465 (12) "Retailer" includes: (A) Every person engaged in the business of  
1466 making sales at retail or in the business of making retail sales at  
1467 auction of tangible personal property owned by the person or others;  
1468 (B) every person engaged in the business of making sales for storage,  
1469 use or other consumption or in the business of making sales at auction  
1470 of tangible personal property owned by the person or others for  
1471 storage, use or other consumption; (C) every operator, as defined in

1472 subdivision (18) of this subsection; (D) every seller rendering any  
1473 service described in subdivision (2) of this subsection; (E) every person  
1474 under whom any salesman, representative, peddler or canvasser  
1475 operates in this state, or from whom such salesman, representative,  
1476 peddler or canvasser obtains the tangible personal property that is  
1477 sold; (F) every person with whose assistance any seller is enabled to  
1478 solicit orders within this state; (G) every person making retail sales  
1479 from outside this state to a destination within this state and not  
1480 maintaining a place of business in this state who engages in regular or  
1481 systematic solicitation of sales of tangible personal property in this  
1482 state (i) by the display of advertisements on billboards or other  
1483 outdoor advertising in this state, (ii) by the distribution of catalogs,  
1484 periodicals, advertising flyers or other advertising by means of print,  
1485 radio or television media, or (iii) by mail, telegraphy, telephone,  
1486 computer data base, cable, optic, microwave or other communication  
1487 system, for the purpose of effecting retail sales of tangible personal  
1488 property, provided such person has made one hundred or more retail  
1489 sales from outside this state to destinations within this state during the  
1490 twelve-month period ended on the September thirtieth immediately  
1491 preceding the monthly or quarterly period with respect to which such  
1492 person's liability for tax under this chapter is determined; (H) any  
1493 person owned or controlled, either directly or indirectly, by a retailer  
1494 engaged in business in this state which is the same as or similar to the  
1495 line of business in which such person so owned or controlled is  
1496 engaged; (I) any person owned or controlled, either directly or  
1497 indirectly, by the same interests that own or control, either directly or  
1498 indirectly, a retailer engaged in business in this state which is the same  
1499 as or similar to the line of business in which such person so owned or  
1500 controlled is engaged; (J) any assignee of a person engaged in the  
1501 business of leasing tangible personal property to others, where leased  
1502 property of such person which is subject to taxation under this chapter  
1503 is situated within this state and such assignee has a security interest, as  
1504 defined in subsection [(37)] (35) of subsection (b) of section 42a-1-201,  
1505 as amended by this act, in such property; and (K) every person making

1506 retail sales of items of tangible personal property from outside this  
1507 state to a destination within this state and not maintaining a place of  
1508 business in this state who repairs or services such items, under a  
1509 warranty, in this state, either directly or indirectly through an agent,  
1510 independent contractor or subsidiary.

1511 Sec. 46. Subparagraph (A) of subdivision (15) of subsection (a) of  
1512 section 12-407 of the general statutes is repealed and the following is  
1513 substituted in lieu thereof (*Effective October 1, 2003*):

1514 (15) (A) "Engaged in business in the state" means and includes but  
1515 shall not be limited to the following acts or methods of transacting  
1516 business: (i) Selling in this state, or any activity in this state in  
1517 connection with selling in this state, tangible personal property for use,  
1518 storage or consumption within the state; (ii) engaging in the transfer  
1519 for a consideration of the occupancy of any room or rooms in a hotel or  
1520 lodging house for a period of thirty consecutive calendar days or less;  
1521 (iii) rendering in this state any service described in any of the  
1522 subparagraphs of subdivision (2) of this subsection; (iv) maintaining,  
1523 occupying or using, permanently or temporarily, directly or indirectly,  
1524 through a subsidiary or agent, by whatever name called, any office,  
1525 place of distribution, sales or sample room or place, warehouse or  
1526 storage point or other place of business or having any representative,  
1527 agent, salesman, canvasser or solicitor operating in this state for the  
1528 purpose of selling, delivering or taking orders; (v) notwithstanding the  
1529 fact that retail sales are made from outside this state to a destination  
1530 within this state and that a place of business is not maintained in this  
1531 state, engaging in regular or systematic solicitation of sales of tangible  
1532 personal property in this state by the display of advertisements on  
1533 billboards or other outdoor advertising in this state, by the distribution  
1534 of catalogs, periodicals, advertising flyers or other advertising by  
1535 means of print, radio or television media, or by mail, telegraphy,  
1536 telephone, computer data base, cable, optic, microwave or other  
1537 communication system, for the purpose of effecting retail sales of  
1538 tangible personal property, provided one hundred or more retail sales

1539 from outside this state to destinations within this state are made  
1540 during the twelve-month period ended on the September thirtieth  
1541 immediately preceding the monthly or quarterly period with respect to  
1542 which liability for tax under this chapter is determined; (vi) being  
1543 owned or controlled, either directly or indirectly, by a retailer engaged  
1544 in business in this state which is the same as or similar to the line of  
1545 business in which the retailer so owned or controlled is engaged; (vii)  
1546 being owned or controlled, either directly or indirectly, by the same  
1547 interests that own or control, either directly or indirectly, a retailer  
1548 engaged in business in this state which is the same as or similar to the  
1549 line of business in which the retailer so owned or controlled is  
1550 engaged; (viii) being the assignee of a person engaged in the business  
1551 of leasing tangible personal property to others, where leased property  
1552 of such person is situated within this state and such assignee has a  
1553 security interest, as defined in subsection [(37)] (35) of subsection (b) of  
1554 section 42a-1-201, as amended by this act, in such property; and (ix)  
1555 notwithstanding the fact that retail sales of items of tangible personal  
1556 property are made from outside this state to a destination within this  
1557 state and that a place of business is not maintained in this state,  
1558 repairing or servicing such items, under a warranty, in this state, either  
1559 directly or indirectly through an agent, independent contractor or  
1560 subsidiary.

1561 Sec. 47. Subdivision (8) of section 14-165 of the general statutes is  
1562 repealed and the following is substituted in lieu thereof (*Effective*  
1563 *October 1, 2003*):

1564 (8) "Security interest" means a "security interest" as defined in  
1565 subdivision [(37)] (35) of subsection (b) of section 42a-1-201, as  
1566 amended by this act.

1567 Sec. 48. Section 14-167 of the general statutes is repealed and the  
1568 following is substituted in lieu thereof (*Effective October 1, 2003*):

1569 This chapter does not apply to or affect: (a) A lien given by statute  
1570 or rule of law to a supplier of services or materials for the vehicle; (b) a

1571 lien given by statute to the United States, this state or any political  
1572 subdivision of this state; (c) a security interest in a vehicle created by a  
1573 manufacturer or dealer who holds the vehicle for sale, but a buyer in  
1574 [the] ordinary course of business, as defined in subdivision (9) of  
1575 subsection (b) of section 42a-1-201, as amended by this act, takes free of  
1576 the security interest, as stated in section 42a-9-320.

1577 Sec. 49. Subsection (c) of section 36a-770 of the general statutes is  
1578 repealed and the following is substituted in lieu thereof (*Effective*  
1579 *October 1, 2003*):

1580 (c) Definitions. As used in sections 36a-770 to 36a-788, inclusive, 42-  
1581 100b and 42-100c, unless the context otherwise requires:

1582 (1) "Boat" means any watercraft, as defined in section 22a-248, other  
1583 than a seaplane, used or capable of being used as a means of  
1584 transportation on water, by any power including muscular.

1585 (2) "Cash price" means the total amount in dollars at which the seller  
1586 and buyer agreed the seller would transfer unqualified title to the  
1587 goods, if the transaction were a cash sale instead of a sale under a retail  
1588 installment contract.

1589 (3) "Commercial vehicle" means any domestic or foreign truck or  
1590 truck tractor of ten thousand or more pounds gross vehicular weight  
1591 or any trailer or semitrailer designed for use in connection with any  
1592 truck or truck tractor of ten thousand or more pounds gross vehicular  
1593 weight and which is not used primarily for personal, family or  
1594 household use.

1595 (4) "Filing fee" means the fee prescribed by law for filing, recording  
1596 or otherwise perfecting and releasing or satisfying a security interest,  
1597 as defined in subdivision [(37)] (35) of subsection (b) of section 42a-1-  
1598 201, as amended by this act, retained or created by a retail installment  
1599 contract or installment loan contract.

1600 (5) "Finance charge" means the amount in excess of the cash price of



1601 the goods agreed upon by the retail seller and the retail buyer, to be  
1602 paid by the retail buyer for the privilege of purchasing the goods  
1603 under the retail installment contract or installment loan contract.

1604 (6) "Goods" means (A) "consumer goods", as defined in subdivision  
1605 (23) of subsection (a) of section 42a-9-102 and motor vehicles included  
1606 under such definition, having an aggregate cash price of fifty thousand  
1607 dollars or less, and (B) "equipment", as defined in subdivision (33) of  
1608 subsection (a) of section 42a-9-102, having an aggregate cash price of  
1609 sixteen thousand dollars or less, provided such consumer goods or  
1610 such equipment is included in one retail installment contract or  
1611 installment loan contract.

1612 (7) "Installment loan contract" means any agreement made in this  
1613 state to repay in installments the amount loaned or advanced to a retail  
1614 buyer for the purpose of paying the retail purchase price of goods and  
1615 by virtue of which a security interest, as defined in subdivision [(37)]  
1616 (35) of subsection (b) of section 42a-1-201, as amended by this act, is  
1617 taken in the goods for the payment of the amount loaned or advanced.  
1618 For purposes of this subdivision, "installment loan contract" does not  
1619 include agreements to repay in installments loans made by the United  
1620 States or any department, agency or instrumentality thereof.

1621 (8) "Lender" means a person who extends or offers to extend credit  
1622 to a retail buyer under an installment loan contract.

1623 (9) A retail installment contract or installment loan contract is "made  
1624 in this state" if: (A) An offer or agreement is made in Connecticut by a  
1625 retail seller or a lender to sell or extend credit to a resident retail buyer,  
1626 including, but not limited to, any verbal or written solicitation or  
1627 communication to sell or extend credit originating outside the state of  
1628 Connecticut but forwarded to and received in Connecticut by a  
1629 resident retail buyer; or (B) an offer to buy or an application for  
1630 extension of credit, or an acceptance of an offer to buy or to extend  
1631 credit, is made in Connecticut by a resident retail buyer, regardless of  
1632 the situs of the contract which may be specified therein, including, but

1633 not limited to, any verbal or written solicitation or communication to  
1634 buy or to have credit extended, originating within the state of  
1635 Connecticut but forwarded to and received by a retail seller or a lender  
1636 outside the state of Connecticut. For purposes of this subdivision, a  
1637 "resident retail buyer" means a retail buyer who is a resident of the  
1638 state of Connecticut.

1639 (10) "Motor vehicle" means any device in, upon or by which any  
1640 person or property is or may be transported or drawn upon a highway  
1641 by any power other than muscular. For purposes of this subdivision,  
1642 "motor vehicle" does not include self-propelled wheelchairs and  
1643 invalid tricycles, tractors, power shovels, road machinery, implements  
1644 of husbandry and other agricultural machinery, or other machinery  
1645 not designed primarily for highway transportation but which may  
1646 incidentally transport persons or property on a highway, or devices  
1647 which move upon or are guided by a track or travel through the air.

1648 (11) "Retail buyer" means a person who buys or agrees to buy one or  
1649 more articles of goods from a retail seller not for the purpose of resale  
1650 or lease to others in the course of business and who executes a retail  
1651 installment contract or an installment loan contract in connection  
1652 therewith.

1653 (12) "Retail installment contract" means any security agreement, as  
1654 defined in subdivision (73) of subsection (a) of section 42a-9-102, made  
1655 in this state, including one in the form of a mortgage, conditional sale  
1656 contract or other instrument evidencing an agreement to pay the retail  
1657 purchase price of goods, or any part thereof, in installments over a  
1658 period of time and pursuant to which a security interest, as defined in  
1659 subdivision [(37)] (35) of subsection (b) of section 42a-1-201, as  
1660 amended by this act, is retained or taken by the retail seller for the  
1661 payment of the amount of such retail installment contract. For  
1662 purposes of this subdivision, "retail installment contract" does not  
1663 include a rent-to-own agreement, as defined in section 42-240.

1664 (13) "Retail installment sale" means any sale evidenced by a retail

1665 installment contract or installment loan contract wherein a retail buyer  
1666 buys goods from a retail seller at a time sale price payable in two or  
1667 more installments. The cash price of the goods, the amount, if any,  
1668 included for other itemized charges which are included in the amount  
1669 of the credit extended but which are not part of the finance charge  
1670 under sections 36a-675 to 36a-685, inclusive, and the finance charge  
1671 shall together constitute the time sale price. For purposes of this  
1672 subdivision, "retail installment sale" does not include a rent-to-own  
1673 agreement, as defined in section 42-240.

1674 (14) "Retail seller" means a person who sells or agrees to sell one or  
1675 more articles of goods under a retail installment contract to a retail  
1676 buyer.

1677 (15) "Sales finance company" means any person engaging in this  
1678 state in the business, in whole or in part, of acquiring retail installment  
1679 contracts from retail sellers or installment loan contracts from holders  
1680 thereof, by purchase, discount or pledge, or by loan or advance to the  
1681 holder of either on the security thereof, or otherwise.

1682 Sec. 50. Subsection (d) of section 42-221 of the general statutes is  
1683 repealed and the following is substituted in lieu thereof (*Effective*  
1684 *October 1, 2003*):

1685 (d) The consumer may waive a warranty required pursuant to this  
1686 section only as to a particular defect in the vehicle which the dealer has  
1687 disclosed to the consumer as being defective. No such waiver shall be  
1688 effective unless such waiver: (1) Is in writing; (2) is conspicuous, as  
1689 defined in subdivision (10) of subsection (b) of section 42a-1-201, as  
1690 amended by this act, and is in plain language; (3) identifies the  
1691 particular disclosed defect in the vehicle for which such warranty is to  
1692 be waived; (4) states what warranty, if any, shall apply to such  
1693 disclosed defect; and (5) is signed by both the customer and the dealer  
1694 prior to sale.

1695 Sec. 51. Subdivision (4) of section 42-240 of the general statutes is

1696 repealed and the following is substituted in lieu thereof (*Effective*  
1697 *October 1, 2003*):

1698 (4) "Rent-to-own agreement" means an agreement for the use of  
1699 personal property by an individual primarily for personal, family or  
1700 household purposes, for an initial period of four months or less,  
1701 whether or not there is any obligation beyond the initial period, that is  
1702 automatically renewable with each payment and that permits the  
1703 consumer to become the owner of the property. Any rent-to-own  
1704 agreement which complies with sections 42-240 to 42-253, inclusive,  
1705 shall not be construed to be, nor be governed by the laws of this state  
1706 regulating, any of the following:

1707 (A) A "retail installment contract" as defined in section 36a-770, as  
1708 amended by this act;

1709 (B) A "security interest" as that term is defined in [section 42a-1-  
1710 201(37)] subdivision (35) of subsection (b) of section 42a-1-201, as  
1711 amended by this act.

1712 Sec. 52. Section 42-252 of the general statutes is repealed and the  
1713 following is substituted in lieu thereof (*Effective October 1, 2003*):

1714 A lessor shall have the same obligations as a seller under [sections  
1715 42a-1-203,] section 16 of this act, section 42a-2-302 [, subsection (b) of  
1716 section 42a-2-103] and sections 42a-2-312 to 42a-2-318, inclusive, and  
1717 the same obligations as a creditor under sections 36a-645 to 36a-647,  
1718 inclusive. Any rent-to-own agreement shall be subject to the provisions  
1719 of section 52-572g.

1720 Sec. 53. Subsection (b) of section 42-391 of the general statutes is  
1721 repealed and the following is substituted in lieu thereof (*Effective*  
1722 *October 1, 2003*):

1723 (b) The following terms used in sections 42-270 to 42-271a, inclusive,  
1724 and 42-390 to 42-434, inclusive, have the meanings ascribed in the  
1725 Uniform Commercial Code:

T48	"Accession".	Section 42a-9-102(a).
T49	"Agreement".	Section [42a-1-201(3)] <u>42a-1-201(b), as</u> <u>amended by this act.</u>
T50	"Contract".	Section [42a-1-201(11)] <u>42a-1-201(b), as</u> <u>amended by this act.</u>
T51	"Investment property".	Section 42a-9-102(a).
T52	"Money".	Section [42a-1-201(24)] <u>42a-1-201(b), as</u> <u>amended by this act.</u>
T53	"Person".	Section [42a-1-201(30)] <u>42a-1-201(b), as</u> <u>amended by this act.</u>
T54	"Person related to".	Section 42a-9-102(a).
T55	"Security interest".	Section [42a-1-201(37)] <u>42a-1-201(b), as</u> <u>amended by this act.</u>
T56	"Send".	Section [42a-1-201(38)] <u>42a-1-201(b), as</u> <u>amended by this act.</u>

1726 Sec. 54. Subsection (c) of section 47a-21 of the general statutes is  
1727 repealed and the following is substituted in lieu thereof (*Effective*  
1728 *October 1, 2003*):

1729 (c) Any security deposit paid by a tenant shall remain the property  
1730 of such tenant in which the landlord and his successor shall have a  
1731 security interest, as defined in subsection [(37)] (35) of subsection (b) of  
1732 section 42a-1-201, as amended by this act, to secure such tenant's  
1733 obligations. A security deposit shall be exempt from attachment and  
1734 execution by the creditors of the landlord or his successor and shall not

1735 be considered part of the estate of the landlord or his successor in any  
 1736 legal proceeding. Any voluntary or involuntary transfer of a landlord's  
 1737 interest in residential real estate to a successor shall constitute an  
 1738 assignment to such successor of such landlord's security interest in all  
 1739 security deposits paid by tenants of such transferred residential real  
 1740 estate.

1741 Sec. 55. Subdivision (5) of section 53-129a of the general statutes is  
 1742 repealed and the following is substituted in lieu thereof (*Effective*  
 1743 *October 1, 2003*):

1744 (5) "Security interest" has the same meaning as specified in  
 1745 subdivision [(37)] (35) of subsection (b) of section 42a-1-201, as  
 1746 amended by this act.

1747 Sec. 56. (*Effective October 1, 2003*) Sections 42a-1-107, 42a-1-207, 42a-  
 1748 1-208, 42a-2-208 and 42a-2A-301 of the general statutes are repealed.

This act shall take effect as follows:	
Section 1	<i>October 1, 2003</i>
Sec. 2	<i>October 1, 2003</i>
Sec. 3	<i>October 1, 2003</i>
Sec. 4	<i>October 1, 2003</i>
Sec. 5	<i>October 1, 2003</i>
Sec. 6	<i>October 1, 2003</i>
Sec. 7	<i>October 1, 2003</i>
Sec. 8	<i>October 1, 2003</i>
Sec. 9	<i>October 1, 2003</i>
Sec. 10	<i>October 1, 2003</i>
Sec. 11	<i>October 1, 2003</i>
Sec. 12	<i>October 1, 2003</i>
Sec. 13	<i>October 1, 2003</i>
Sec. 14	<i>October 1, 2003</i>
Sec. 15	<i>October 1, 2003</i>
Sec. 16	<i>October 1, 2003</i>
Sec. 17	<i>October 1, 2003</i>
Sec. 18	<i>October 1, 2003</i>

Sec. 19	<i>October 1, 2003</i>
Sec. 20	<i>October 1, 2003</i>
Sec. 21	<i>October 1, 2003</i>
Sec. 22	<i>October 1, 2003</i>
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Sec. 25	<i>October 1, 2003</i>
Sec. 26	<i>October 1, 2003</i>
Sec. 27	<i>October 1, 2003</i>
Sec. 28	<i>October 1, 2003</i>
Sec. 29	<i>October 1, 2003</i>
Sec. 30	<i>October 1, 2003</i>
Sec. 31	<i>October 1, 2003</i>
Sec. 32	<i>October 1, 2003</i>
Sec. 33	<i>October 1, 2003</i>
Sec. 34	<i>October 1, 2003</i>
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Sec. 38	<i>October 1, 2003</i>
Sec. 39	<i>October 1, 2003</i>
Sec. 40	<i>October 1, 2003</i>
Sec. 41	<i>October 1, 2003</i>
Sec. 42	<i>October 1, 2003</i>
Sec. 43	<i>October 1, 2003</i>
Sec. 44	<i>October 1, 2003</i>
Sec. 45	<i>October 1, 2003</i>
Sec. 46	<i>October 1, 2003</i>
Sec. 47	<i>October 1, 2003</i>
Sec. 48	<i>October 1, 2003</i>
Sec. 49	<i>October 1, 2003</i>
Sec. 50	<i>October 1, 2003</i>
Sec. 51	<i>October 1, 2003</i>
Sec. 52	<i>October 1, 2003</i>
Sec. 53	<i>October 1, 2003</i>
Sec. 54	<i>October 1, 2003</i>
Sec. 55	<i>October 1, 2003</i>
Sec. 56	<i>October 1, 2003</i>

***Statement of Purpose:***

To adopt revisions to article 1 of the Uniform Commercial Code concerning general provisions in order to conform Connecticut commercial law with recent changes in the uniform law.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*

Co-Sponsors: REP. ABRAMS, 83rd Dist.